



## WORLD NEWS

JAPANESE SECURITIES WESTERN OFFICIALS WARN THAT PLAN WILL FAIL TO RESTORE CONFIDENCE

## Investor protection fund 'lacks safeguards'

By Susan Robinson in Tokyo

US and European officials have warned the Japanese government that its plan to create an investor protection fund for the securities industry could force brokers, particularly foreign investment banks operating in Japan, to shoulder unlimited liabilities left by failed securities companies.

More significantly, they say, the ¥50bn (\$360m) fund is being introduced without adequate safeguards - at a time when Japan's "big bang" reforms have intensified pressure on smaller and weaker brokers and increased the likelihood of further collapses.

Alan Greenspan, chairman of the US Federal Reserve

Board, was the most senior western official to raise concerns about the planned fund. On a recent visit to Tokyo, Mr Greenspan is understood to have urged Japanese officials in private to postpone the fund's December launch until they introduce western standards of disclosure and rules requiring segregation of customer and corporate assets.

Japan is the only developed market which does not legally require securities houses to separate their own assets from their clients' assets. The government has said it will change the rules, but has not confirmed a timetable.

"At the moment, the plan is like forcing us to provide fire insurance for a house

without a sprinkler system, which is already on fire out the back," said one western broker.

Western diplomats said the fund in its current form also raised moral hazard issues, by implying that the role of lender of last resort lies with the securities industry. If the plan is not modified, it could become a serious issue in economic relations, they said.

Legislation for the new fund was part of a package of financial reforms passed last month by the Japanese parliament, and was intended to help restore investor confidence after failures last year of several brokers, including Sanyo Securities and Yamachi Securities.

But foreign investment banks say the fund in its planned form would do little to restore confidence. Without requirements to improve transparency, segregate assets and limit the industry's obligation, the fund would also saddle foreign groups with unlimited obligations to insure depositors of financially weak Japanese counterparts, they said.

The ¥50bn fund would replace an earlier fund which was exhausted this year by payments of ¥38bn to depositors of collapsed brokers such as Sanyo. Unlike the earlier fund, all of Japan's nearly 280 securities companies, including about 54 foreign groups, would be required to contribute. The initial contribution would be

about ¥5bn, but would then require larger contributions, possibly amounting to ¥15bn, from more profitable companies. Foreign companies were not required to contribute to the earlier fund, which was capped at ¥2bn per member.

A group of 25 foreign brokers, including Morgan Stanley, Goldman Sachs and Salomon Smith Barney, recently suggested modifications to the planned fund. The group also sought support from Japanese counterparts in the Japan Securities Dealers Association, the main industry body, which recently invited three foreign brokers to join a working group to study the plan.

"This is not a foreign ver-

sus Japanese issue, it's a right versus wrong issue... and at the end of the day, it's really all about moving that famous ¥1,200bn pool of Japanese household savings from banks to capital markets - and that won't happen until investors feel real safeguards are in place," said one foreign broker.

However, some western diplomats see it as a Japanese attempt to restrain the growing rush of foreign houses into the ranks of the country's top brokers. "Let's face it. Foreign groups have the capital, the clean accounts and effective management systems - and in a deregulated market, you can expect them to be the main beneficiaries," said one diplomat.

## Indonesia to pull out East Timor troops

By Sander Thomas in Jakarta and Laura Silber in New York

Indonesia yesterday announced a withdrawal of troops from East Timor and an amnesty for some political prisoners, on the eve of United Nations-led talks on the future of the disputed territory.

The military would not say how many troops would pull out next week, declining to comment on reports that 1,000 soldiers would leave on Tuesday. The local military commander said recently that there were 12,000 troops and police in the territory of 800,000 people.

Independence activists say new troops recently moved into the disputed territory, still claimed by Portugal but annexed by Indonesia in 1976, to quell a wave of pro-independence protests.

The United Nations yesterday welcomed Indonesia's troops pledge, which follows a call for limited withdrawals by a visiting United Nations envoy, as a move towards achieving a lasting settlement in East Timor.

"We welcome any steps that contribute to a confidence-building and an eventual settlement of the question of East Timor. The pledge to withdraw troops is part of such confidence-building measures," said a UN official.

Since the resignation of President Suharto in May, the UN has increased efforts to break the impasse over the status of East Timor. Jambek Marik, UN envoy for East Timor, will host talks on August 4 and 5 at

the UN headquarters in New York between the foreign ministers of Indonesia and Portugal. "In two days of formal talks, and unofficial contacts, the parties will explore ideas for a settlement on East Timor, including confidence-building measures," said the UN official.

Pro-independence activists demand a referendum on the status of East Timor and have felt encouraged to press harder by Jakarta's departure from its old standpoint that the small territory, north of Australia, was no more than the 27th province of Indonesia.

Three people died last month when they clashed with proponents of integration with Indonesia and thousands of non-Timorese Indonesians fled the region earlier this month for fear of attacks.

Diplomats say that pro-Indonesian rallies in recent weeks have been staged by the military but add that many Timorese would settle for some autonomy.

A decree dropping charges against 44 people and giving amnesty to six political prisoners, including members of the leftist People's Democratic party (PRD), is also part of President B.J. Habibie's efforts to distance himself from the repressive regime of his predecessor.

A number of key labour leaders, political activists and East Timorese protesting against Indonesia's rule in the former Portuguese colony have been released since Mr Habibie came to power on May 21 but many high-profile prisoners remain in detention.

JAPANESE ECONOMY FIGURES SHOW CONFIDENCE WEAKENING

## Gloom grows as consumer spending slides

By Alexandra Harvey in Tokyo

The gloom has intensified over Japan's economy, with figures released this week indicating that investor and consumer confidence had weakened considerably.

The dismal data are likely to increase pressure on Japan's new administration, set to be led by Keizo Obuchi, the former foreign minister.

Department store sales fell 6 per cent year-on-year in the first six months of the year, according to figures

released this week.

The decline was even more striking because of the drop in consumer spending the previous year, following an increase in consumption tax in April 1997.

Hiroyuki Yoshino, the newly appointed president of Honda, the vehicle group, warned that the market was unlikely to recover in the second half of the fiscal year ending in March. He said the group was cutting its industry-wide sales forecast for this calendar year from 6.5m to just 6.2m vehicles.

Even some of the most optimistic observers of the Japanese economy have recently adjusted their forecasts downward. ING Barings, consistently the most bullish of brokers in Japan, conceded the economy was proving weaker than expected. The securities house downgraded its forecast for this year's gross domestic product growth from 0.9 per cent to 0.2 per cent. Nevertheless, this remains well above the consensus figure, which is for a contraction of 1.4 per cent.

A number of Japanese officials have tried to counter the impression that economic conditions are indeed deteriorating.

Koji Omi, director general of the Economic Planning Agency, yesterday went so far as to call the decision by Moody's, the credit rating agency, to review Japan's government bonds for a downgrade "unreasonable". The bonds are currently ranked Aaa, the highest possible rating.

The slump in consumer demand has particularly

squeezed small and medium companies.

The index of business conditions for smaller companies hit a record low of minus 49.4 in the second quarter of this fiscal year, according to a government survey.

The downward trend marks the first time since 1990 that the index has fallen for eight straight quarters.

The collapse in consumer confidence has also hit manufacturers. Crude oil imports fell 0.8 per cent in June from the previous year to 112.8m

barrels. The drop marked the sixth consecutive month of decline for oil imports, which represent nearly 90 per cent of Japan's oil supply.

Domestic sales of petroleum products - including diesel fuel for trucks and transport machinery - were down for the ninth consecutive month.

Sales fell 0.8 per cent to 113.3m barrels. The decline reflects the shrinking demand from heavy industry, as companies cut capital expenditure.

## Intimidation puts credibility of Cambodian election at risk

US observers say it is 'fundamentally flawed'. Others hope it will be 'broadly representative'. On the eve of polling, Ted Bardacke reports on Cambodia's big test

When Cambodians go to the polls tomorrow for the first vote the country has ever organised on its own, two elections will be held.

The first will be the traditional act of citizens marking ballots and indicating their preference for the leader and party best suited to lead the country out of decades of violence, instability and economic hardship.

The second election has already begun and will continue for several weeks after ballot boxes are sealed. The voters in this phase will be the diplomats, human rights workers and election observers who will decide whether the election process has been fair enough to be worthy of international sanction.

At this stage of a lively campaign marred by bursts of violence and relentless voter intimidation, the outcome of both elections is far from assured.

Cambodia could emerge with a strong united government that has both a domestic and an international mandate to address the country's seemingly insurmountable problems. Or election day could be an unmitigated disaster that encourages further strife and betrays a decade of work and billions of dollars in international aid designed to bring some sense of normalcy to people's lives.

Because Cambodia's problems are both domestic and international - a government installed by coup gets

half of its budget from foreign donors but has its seat at the UN suspended - each facet of the elections needs the other.

Three main parties - the ex-communist Cambodian People's party (CPP) of second prime minister and strongman Hun Sen, the royalist Funcinpec party of ousted first prime minister Prince Norodom Ranariddh and the Sam Rainsy party led by the reformist former finance minister of the same

**'They are doing everything they can to give people the impression they will be punished if they don't vote in a particular way'**

name - are fighting for seats at the post-election negotiating table where the inevitable coalition government will be formed.

Hun Sen is deeply unpopular and "has little to stir voter interest in him", said Lao Mong Hay, executive director of the Khmer Institute for Democracy. "Corruption - he presides over it. Illegal logging - he did it. Economic downturn - he caused it. Violence and lack

of security - he is responsible."

Prince Ranariddh and Sam Rainsy are better off personally, the former mainly because of his links with his revered father, King Norodom Sihanouk, and the latter because of his courageous stands against injustice and his own victimisation at the hands of the current government.

But Hun Sen has something his rivals sorely lack: an impressive organisation that reaches down into every village in this largely rural country and claims over 3m members - more than half of the registered voters.

The CPP also intimidates. "They are collecting voting cards, taking thumb prints, going to opposition meetings and checking who is there, doing everything they can to give people the impression that they will be punished if they don't vote in a particular way," said Thomas Hammarberg, UN human rights envoy. "That counts for a lot."

The combined power of this organisation and implied threats are probably enough to win the CPP at least a third of the 120 national assembly seats up for grabs, the amount it needs to demand a place in the next ruling coalition.

The international judgment of the election is also subject to negotiation. Yesterday the Joint International Observer Group said it believed that conditions were in place for an election



Deposed prime minister Prince Norodom Ranariddh (above) greets supporters yesterday while (below) Buddhist monks pray for a peaceful election



that can be "broadly representative" of the will of the Cambodian people, a step back from the more ambitious "free and fair" election many were aiming for.

This move has outraged UN human rights workers who have relentlessly documented every alleged abuse by Hun Sen supporters - 13 suspected political killings alone since May. They claim that at the last minute the international community has moved the goalposts of

what it considers an acceptable election. Meanwhile, US observers appear to have already cast their vote, calling the process "fundamentally flawed".

But the EU, Japan and Australia, which have provided the bulk of funding for the election, are hoping a CPP victory would be good for stability and are therefore willing to accept results that are plausible, although officials admit they do not know what a plausible result

would look like.

This ambiguity is troubling to Mr Rainsy, who said he would win if the vote were truly democratic. "This is getting worse and worse," he said. "Before, the international community was concerned with democracy. Then they said they just wanted credible results. Now they're scaling down again. What is 'credible'? How do you judge 'representative'?"

Personal View, Page 7

## Pakistan to seek \$1.5bn in new assistance

By Farhan Bokhari in Islamabad

Pakistan is to seek at least \$1.5bn in extra aid from international multilateral institutions within weeks to stave off a debt crisis and compensate for a sharp fall in foreign remittances and investments.

This goes far beyond the scope of an existing IMF programme under which the fund is to lend about \$1.6bn over the next 30 months. The IMF's lending over the next 12 months is just over \$500m, which government officials say will not be enough to meet growing needs for external resources.

They fear a substantial fall in foreign investment, which was expected to reach \$900m this financial year. There are also worries that up to \$1.5bn a year in remittances from Pakistani expatriates will decline.

Senior officials say that an indication from the US administration this week for the first time since Pakistan's nuclear tests in May, that it may abstain from the IMF vote on lending to Pakistan is not enough, and the country will need a new rescue package.

"Either the IMF programme will be scrapped and replaced by a new one or its scope would be expanded. But as it stands right now, the fund programme

doesn't sustain our needs," said a government official yesterday.

The finance ministry in Islamabad is reviewing a number of options but has yet to make its strategy public. However, the government is pressed for time.

Last week, it conceded that its liquid foreign reserves had fallen to \$600m, enough to meet less than three weeks of imports.

Since then, Sartaj Aziz, the finance minister, has said that Pakistan expects to receive a \$250m two-year loan from Kuwait next week. Such aid would be the first sign of support from Pakistan's friends in the Arab world.

However, bankers say that the country can not rely on help from the Arabs alone, who have their own difficulties in the wake of falling oil prices.

But western economists warn that Pakistan's request for funds could be no more than wishful thinking, unless the country is ready to undertake bold reforms to improve tax collection. Those reforms include punitive measures against wealthy businessmen who have defaulted on domestic bank loans and an income tax on the politically powerful landowners, who still do not pay a tax in three of the four provinces.

## New Philippine president holds out the prospect of single currency within Asean

By Justin Marozzi in Manila

Joseph Estrada, the recently elected Philippines president, yesterday held out the prospect of a single south-east Asian currency as foreign ministers from the beleaguered region gathered in Manila to discuss the economic crisis, nuclear proliferation and Cambodia.

Mr Estrada's remarks came amid unprecedented public divisions within the nine members of the Association of South East Asian Nations (Asean) over whether to abandon the organisation's cardinal principle of non-intervention in internal affairs of members. In a wide-ranging speech, Mr Estrada urged Asean to

move towards greater integration along the lines of the European Union.

"Let us be open to one another and freely and candidly exchange views, no matter how controversial the issue," he said. "Then, maybe, bigger dreams can be seen. One market. One currency. One community."

Mr Estrada urged the US to pay its share of the recapitalisation of the International Monetary Fund, needed to contain the regional crisis, and provide extra funds to the World Bank and the Asian Development Bank. The resources of the multilateral lending institutions, particularly the IMF, were "frankly insufficient", he said.

In remarks that are expected to be echoed on Monday in the Asean Regional Forum, which includes the US, EU, China, Japan, Australia and Canada, Mr Estrada condemned the recent nuclear tests by India and Pakistan. "Nuclear proliferation is simply wrong, and the utter disregard for world opinion against nuclear weapons is unconscionable."

The dispute over non-intervention also overshadowed the meeting. Critics of Asean's traditional policy of consensus both within and outside the organisation argue the Asian crisis, which has revealed the dangers of crony capitalism and a lack of transparency, highlights

the need for tough talking between neighbours.

Both Thailand and the Philippines have been lobbying for a policy of "flexible engagement", which they argue is necessary for Asean to adapt to a globalised environment of increasing interdependence. The shortcomings of non-intervention, they believe, are typified in controversial issues such as the annual forest fires in Indonesia that damage its neighbours.

For years, in deference to President Suharto, Asean would not tackle the subject with one voice. Asean has also come under fire for failing to bring Burma back into the international community through private channels.

"Like it or not, the issues of democracy and human rights are those that we have to increasingly deal with in our engagement with the outside world," he said.

"How are we going to put ourselves on the offensive rather than always be on the receiving end?"

Although foreign ministers shot down the idea of abandoning the non-intervention principle in a closed session late on Thursday, Sutin Pitsawan, Thai foreign minister, said Asean's solidarity had to be based on open dialogue.

"Like it or not, the issues of democracy and human rights are those that we have to increasingly deal with in our engagement with the outside world," he said.

"How are we going to put ourselves on the offensive rather than always be on the receiving end?"

ETBA

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## ANNOUNCEMENT

On Wednesday 29/7/98 between 12.00 and 14.00 at the Town Hall of the Municipality of Eleusina located at 35, G. Nikolaïdis Street, the unfinished cargo ship PEARL ATHENS, property of PETRONAVIS N.E., will be sold by auction.

• Expediting Bank ETBA S.A.

• Ship's features:

- ship type: BULK CARRIER 100,000 DWT
- registration number: Piraeus 9982
- gross registered tonnage: 58,520
- net registered tonnage: 30,600
- length: 240.86m
- breadth: 40m
- one 15,000 BHP internal combustion engine
- maker: MAN B&W
- price of first offer: JPY 350,000,000

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## FINANCIAL TIMES

Published by The Financial Times (Europe) Group, 1, The Financial Times Building, 100, Old Broad Street, London EC2N 2DY, UK.

Printed in Great Britain by The Financial Times Printing Company, 1, The Financial Times Building, 100, Old Broad Street, London EC2N 2DY, UK.

Subscription prices: Single copies 50p. Annual subscription (12 issues) £5.00. Overseas subscribers add postage. Payment by cheque or credit card only.

Responsible for Advertising content: Colin A. Kennedy, Principal, European International Advertising, 100, Old Broad Street, London EC2N 2DY, UK.

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## Indonesia to pull out East Timor troops

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Indonesian troops in East Timor are being ordered to leave by the end of the month, according to a statement from the Indonesian government. The statement, issued by the Indonesian Ministry of Foreign Affairs, says that the Indonesian government has decided to withdraw its troops from East Timor by the end of July. This decision is part of a broader effort to resolve the conflict in East Timor and to restore peace and stability to the region. The Indonesian government has been facing increasing international pressure to withdraw its troops from East Timor, particularly from the United States and the European Union. The withdrawal of troops is expected to be completed by the end of the month, with the remaining troops being redeployed to other parts of Indonesia.

## Pakistan to seek \$1.5bn in new assistance

Pakistan is seeking \$1.5bn in new assistance from the International Monetary Fund (IMF) to help it cope with its economic crisis.

Pakistan is seeking \$1.5bn in new assistance from the International Monetary Fund (IMF) to help it cope with its economic crisis. The IMF has been providing Pakistan with financial support since 1990, but the country's economic situation has deteriorated significantly in recent years. Pakistan is facing a severe balance of payments crisis, with its foreign reserves falling sharply and its current account in deficit. The IMF has agreed to provide Pakistan with a new \$1.5bn loan, which will be used to help the country meet its external debt obligations and to support its economic recovery. The loan is part of a broader IMF program to help Pakistan stabilize its economy and to implement structural reforms.

## at holds out the key within Asean

at holds out the key within Asean. The text is partially obscured by a large, bold, blacked-out area, likely a redaction or a placeholder for an image. The visible text suggests a discussion of the Association of South East Asian Nations (ASEAN) and its role in the region.

## Clinton adviser upbeat on new web body

By Frances Williams in Geneva

Ira Magaziner, President Bill Clinton's internet adviser, said yesterday that a new organisation to manage international internet addresses would be up and running by an end-of-September deadline. However, he did not expect the organisation to be in a position to start operating a new system of registering internet addresses by that date, when the US government's exclusive contract with Network Solutions Inc (NSI) of the US expires.

## Tour de France hit by drugs admission

By a correspondent in Paris

The admission of France's world cycling champion, Laurent Brochard, that he used illegal performance-enhancing drugs has darkened the stormclouds over the Tour de France, the most prestigious event in international cycling. Tests on hair samples of competitors provided proof yesterday that cyclists were taking drugs. Sports analysts said this and the admission of three Tour cyclists, including Brochard, that they used drugs amounted to the most high-profile instance of sports doping since the exposure of Canadian Olympic athlete Ben Johnson in 1988.

level domain names for several more months. At the behest of the US government, NSI is developing software to enable its address database to be shared by competing registrars. But Christopher Clough, NSI's communications director, said yesterday that putting in place a system for shared access to the database could not be done in less than six to nine months.



Bruno Roussel, Festina cycling team director, is escorted into a police car at a court in Lille, northern France, yesterday. Festina riders were expelled from the Tour de France over drug allegations.

red blood corpuscles carrying oxygen to muscles. Yesterday's start was delayed by two hours as competitors protested over "being treated like cattle". Lawyers for Festina also hit out, claiming the team were being made the scapegoats. The scandal has left the

1992, handles more than 4,000 new address requests a day and last year earned \$45m from registration activities. Mr Magaziner was in Geneva for a meeting of internet policy advisers and industry experts intended to make progress on a US proposal for a non-profit corporation to take over responsibility from the US government in managing the global internet address system.

The two-day meeting, on

the fringes of the Internet Society's annual conference, will focus on the institutional set-up of the new corporation and how an international interim board should be chosen from among internet "stakeholders". Mr Magaziner said Washington would not impose a solution unless the internet community failed to reach a workable deal. European and other governments have indicated they are prepared to go along with the US proposal provided their interests are adequately represented.

French public believing that competitors, sponsors and organisers have all been part of a conspiracy to silence over widespread drug taking with little real effort at thorough testing. As a result the organiser, Société Tour de France, presided over by a former French

proposal provided their interests are adequately represented. Jon Postel of the Internet Assigned Numbers Authority, whose US government contract to manage the present address system also expires on September 30, said yesterday he thought the new corporation "would be in pretty good shape for getting started in about a month".

Another consultative meeting will be held in Singapore next month.

## Motorway charges may take toll on Bavaria PM

By Tobias Buck in Bonn

Proposing a motorway toll two months away from a general election seems a pretty bad idea in any country. In Germany, where the use of motorways is free of charge and largely unregulated, it comes close to electoral suicide.

After all, Germany is home to the famous autobahns and some of the world's largest car producers. BMW, Volkswagen and Daimler-Benz carry considerable clout in Bonn, while the German motorists association (Adac) is among Germany's most active lobby groups.

Edmund Stoiber, prime minister of Bavaria, however, has been undeterred. He suggested this week that drivers should pay DM100 (\$66) for a "vignette" allowing them to use Germany's motorways for one year, while driving a truck or bus of up to 12 tonnes along the autobahn should cost up to DM500.

Heavy trucks already pay a motorway toll. According to Mr Stoiber, vignettes similar to those used in neighbouring Switzerland and Austria would raise DM3.2bn annually and should be used exclusively for further motorway construction. Mr Stoiber, a member of the Christian Social Union (CSU), the Bavarian sister party of Chancellor Helmut Kohl's Christian Democrats (CDU), quickly ran into trouble.

Gerhard Schröder, Mr Kohl's Social Democrat opponent in the general election, seized the opportunity to present his party as pro-business and called the proposal "socially unacceptable".

Mr Schröder pledged that motorways would remain free of charge if he were chancellor.

Even the Greens were opposed. They preferred

higher petrol prices over Mr Stoiber's "hidden tax rise", the party's transport spokesman said.

Although politicians from Mr Stoiber's own party rallied around him, both the CDU and the federal transport ministry remained cautious.

Wolfgang Schäuble, the CDU parliament leader, said he was generally in favour of tolls, but added that a decision should be taken only after the election on September 27.

Mr Kohl said that he was a friend of all motorists and that he would not endorse any policies hostile to all drivers.

Heavy trucks have been paying a fee of up to DM2,400 a year for the use of German motorways since 1993. That sum could rise, if a plan by Matthias Wissmann, the transport minister, goes through.

He wants to install a system along Germany's motorways that would be able to monitor exactly what route trucks take.

By pricing different routes differently, lorry drivers would be encouraged to choose little-used roads, making traffic jams less likely.

This system would not apply to cars. However, the transport ministry also has plans for letting private companies construct and later own bridges, tunnels and mountain passes. These companies could then charge a passage toll.

The transport ministry has singled out 13 projects across Germany which are worth an estimated DM5.8bn (\$3.24bn).

Most projects have not even reached the planning stage yet. However, the federal transport ministry says that the first toll booths could go up in just a few years.

Regardless of Mr Stoiber's plans, the days when drivers could race across Germany's autobahns free of charge seem numbered.

## China offers to open parts of telecom market

By Frances Williams in Geneva

China has offered for the first time to open up parts of its vast telecommunications market to foreign competition, in its long-running negotiations to join the World Trade Organisation. Long Yongtu, China's deputy foreign trade minister and chief WTO negotiator, said yesterday that Beijing was prepared to open up parts of its telecommunications market to foreign competition.

mobile telephony and so-called "value-added" telecommunications services such as data transmission within five years of accession. Speaking after a meeting of the WTO working party considering China's membership application, Mr Long denied suggestions by the US and European Union that Beijing had lost interest in early WTO entry because of the east Asian crisis and

problems with its domestic reform programme. Insisting that China's 8 per cent economic growth target would be met this year, Mr Long said such suggestions were groundless and illogical, since WTO members were at the same time arguing that WTO membership would assist domestic reform. Beijing is aiming to become a full member of the world trade body before new

global trade negotiations start at the end of 1999. However, while welcoming China's telecoms proposals and other promised improvements in foreign access for services suppliers, its trading partners complained yesterday that progress in the 11-year-old talks was still very slow.

China has still not come forward with an offer on agriculture, a key sector for many WTO members includ-

ing the US, and is balking at cutting some very high tariffs such as those on imported cars. Mr Long said foreign telecoms operators would be limited to a 30 per cent equity stake for value-added services and a 25 per cent stake for paging or mobile services, though these limits were negotiable.

In addition to the telecoms offer, China said it was prepared to eliminate on access-

ion all geographical restrictions on the establishment of foreign banks and further to relax restrictions on local currency operations and insurance services.

Beijing is also willing to eliminate restrictions on foreign competition in most areas of distribution within five years of accession, but curbs will remain for important sectors such as cars, pharmaceuticals, liquor and cigarettes.

United Kingdom Debt Management Office

ISSUE OF £2,500,000,000

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General

2. This prospectus is issued under the arrangements described in the Information Memorandum relating to the issue, stripping and redemption of British Government Stock published by the DMO on 12 May 1998 (the "Information Memorandum"). The terms of the Information Memorandum apply to the above Stock and to the auction described in this prospectus except where expressly varied.

Interest

3. The Stock will be repaid at par on 7 December 2009.

Interest

4. Interest is payable half-yearly on 7 June and 7 December. Interest will accrue from 30 July 1998, the issue date of the Stock, and the first interest payment will be due on 7 December 1998 at the rate of £2.042350 per £100 nominal of Stock.

FOTRA exemptions

5. The Stock and the interest payable on it will benefit from the exemptions in favour of non-resident holders described in paragraph 44 of the Information Memorandum.

Gross payment of interest

6. Interest will be paid without deduction of income tax. However, stockholders on the Bank of England Register may elect to have UK income tax deducted from interest payments on application to the Bank of England.

Stripping

7. The Stock may be stripped and holdings of Stock reconstructed.

Methods of application

8. Bids may be made on either a competitive or non-competitive basis in accordance with paragraphs 31 to 39 of the Information Memorandum.

Non-competitive bids: amount payable on application

9. The amount payable on application in the case of a non-competitive bid (except in the case of a non-competitive bid made by a gilt-edged market maker) is £102 per £100 nominal of Stock.

Latest times for receipt of applications

10. Application forms must be sent to the Bank of England, New Issues, PO Box 444, Cloister, CL1 1NP, who are acting on behalf of the DMO, to arrive not later than 10.30 AM ON WEDNESDAY, 29 JULY 1998; or lodged by hand at the DMO, Cheapside House, 135 Cheapside, London EC2N 2DB, not later than 10.30 AM ON WEDNESDAY, 29 JULY 1998. Gilt-edged market makers may bid by telephone to the DMO not later than 10.30 AM ON WEDNESDAY, 29 JULY 1998.

Bids irrevocable

11. Bids will not be revocable between 10.30 am on Wednesday, 29 July 1998 and 10.00 am on Monday, 3 August 1998.

United Kingdom Debt Management Office

LONDON

21 July 1998

The United Kingdom Debt Management Office is an Executive Agency of HM Treasury

APPLICATION FORM FOR 5 3/4% TREASURY STOCK 2009

Complete Section 1 or 2, plus Sections 6 and 8. Sections 3, 4, 5 and 7 should also be completed where appropriate.

TO THE UNITED KINGDOM DEBT MANAGEMENT OFFICE

We apply in accordance with the terms of the prospectus dated 21 July 1998, and the Information Memorandum relating to the issue, stripping and redemption of British Government Stock dated 12 May 1998 (the "Information Memorandum") as follows:

1. FOR COMPETITIVE BIDS ONLY (to be completed by the applicant)

See notes (a) and (b) below.

Nominal amount of 5 3/4% Treasury Stock 2009 applied for:

Amount of Stock applied for: £

£200,000-£1,000,000 £100,000

£1,000,000 or greater £1,000,000

Price bid per £100 nominal of Stock, being a multiple of 1/32nd of £1:

£ 32nds

Total amount payable per £100 nominal of Stock:

£ p

Amount required for payment IN FULL AT THE PRICE BID

£

2. FOR NON-COMPETITIVE BIDS ONLY (to be completed by the applicant)

See notes (c) and (d) below.

Nominal amount of 5 3/4% Treasury Stock 2009 applied for, being a multiple of £1,000, with a minimum of £1,000 and a maximum of £200,000 nominal of Stock:

£

Sum enclosed, being £102 for every £100 nominal of Stock applied for:

£

3. FOR CGO MEMBERS ONLY

CGO Participant Number

Name of Contact

Telephone Number

4. REGULATED FINANCIAL INSTITUTIONS ONLY (see Section 3 of the Information Memorandum)

Name of Regulator

Membership/Reference Number

Country/Territory of Regulator

5. THIS SECTION TO BE COMPLETED BY APPLICANTS ACTING AS AGENT FOR ANY THIRD PARTY (unless the applicant is a CGO member or is an EEA regulated financial institution, see Section 3 of the Information Memorandum)

Full name and permanent address of each third party:

FORENAME(S) AND SURNAME(S) ADDRESS (including postcode)

If additional space is required, please continue on separate sheet

6. THIS SECTION TO BE COMPLETED BY ALL APPLICANTS (We request that Stock sold to us be held in the undermentioned name(s) and that any certificate be sent by post at my/our risk to the first named holder at the address shown below.)

IN THE CASE OF A NON-COMPETITIVE APPLICATION, we warrant that to my/our knowledge this is the only non-competitive application made for my/our benefit (or for the benefit of the person(s) on whose behalf I/we are applying).

IN THE CASE OF AN APPLICATION BY A MEMBER OF THE CGO SERVICE WHO HAS COMPLETED SECTION 3, we request that any Stock allocated to us be credited direct to our account at the CGO. We hereby irrevocably undertake to accept such Stock by member-to-member delivery through the CGO Service from the Governor and Company of the Bank of England, Number 9 Account (Participant number 5682) by the deadline for such deliveries on 30 July 1998, and we agree that the consideration to be input in respect of such delivery shall be the amount payable by us on the sale of such Stock in accordance with the terms of the prospectus.

IN THE CASE OF AN APPLICATION MADE ON BEHALF OF A THIRD PARTY, I/we have obtained and retained evidence of the identity of each person on whose behalf I/we are applying, and I/we will on demand make such evidence available to the DMO or the relevant supervisory authority.

SIGNATURE(S) of, or on behalf of, applicant

Date

7. DETAILS OF APPLICANT(S)

(If not the person(s) in Section 5)

FORENAME(S) AND SURNAME(S) ADDRESS (including postcode)

8. REGISTRATION DETAILS

Stock may be registered in the names of individuals or a corporate body.

CAPITAL LETTERS PLEASE

Title Forename(s) in full Surname

Address

Postcode

Title Forename(s) in full Surname

Address

Postcode

Daytime Telephone Number (in case there is a query)

FOR BANK OF ENGLAND USE

Bar No. 684

Transaction Number 1877

New Account No

Cert. Posted Date

The Stock will be registered on the Bank of England Register, unless you wish the Stock to be registered at the Bank of Ireland, Belfast, in which case please tick the box.

NOTE: For holdings on the Bank of England Register, interest payments on the Stock will be paid without deduction of United Kingdom income tax unless the box below is ticked. I/we request that tax is deducted from interest payments on my/our holding of this Stock.

made payable to "Bank of England" and crossed "New Issue", and must be drawn on a bank in, and be payable in, the United Kingdom, the Channel Islands or the Isle of Man. The DMO reserves the right to require evidence of the identity of any applicant for Stock or of any person for whom an applicant is acting as agent. An applicant lodging an application form in person should bring evidence of identity bearing the applicant's photograph (for example a passport) and evidence of the applicant's name and address from a third party, for example a recent bill from a gas, electricity or telephone company or a bank or building society statement.

(9) The procedures for any refund, or further amount payable, is set out in the Information Memorandum.

(10) The terms on which this Stock may be stripped and reconstructed are contained in the Information Memorandum.







INJUNCTION ANTIGUAN INCORPORATED OPERATION PREVENTED FROM TAKING DEPOSITS IN UK

## Regulator wins bar on offshore bank

By George Graham, Banking Editor

The Financial Services Authority, the City of London's super-regulator, has won an interim injunction barring Hanover Bank Ltd, an Antigua-incorporated offshore bank, from taking deposits in the UK.

Hanover is not authorised as a bank in the UK and is therefore prohibited under the Banking Act from accepting deposits or calling

itself a bank. Injunctions were also obtained from Justice Laddie in London against Winston Allen and Patrick Makosso-Jouvan, who promoted Hanover's business from an office in London.

The injunctions are the second set won by the FSA since it took over responsibility for banking supervision from the Bank of England. The case is understood to involve about £17m of deposits collected from

UK investors. The FSA said it was continuing its investigation in co-operation with the Jersey Financial Services Commission and was anxious to speak to anyone who had placed money with Hanover Bank.

Four years ago, Hanover was involved in litigation with Clerical Medical, the UK insurer now owned by the Halifax banking group, over £20m invested in "prime bank instruments".

The bank was recently

struck off the list of authorised international business corporations to Antigua but reinstated for procedural irregularities.

The Antigua authorities questioned the bank again last year after one of its employees was arrested in the US and convicted of money laundering.

Antigua, a small Caribbean jurisdiction which had been described by British, US and Canadian investigators as a haven for money

launderers, launched an effort last year to clean up its offshore financial businesses.

It closed down several Russian-owned offshore banks which government officials said had laundered money for the Russian mafia. Antigua also drew the attention of British regulators as the home of European Union Bank, the subject of a Bank of England warning last year after it advertised for deposits on

the Internet, though not authorised in the UK. The bank has since collapsed.

A new director of international business corporations, responsible for overseeing offshore financial companies, has recently taken over in Antigua.

Mr Allen and Mr Makosso-Jouvan operated from offices at 22a St Ives Street in London and through an accommodation address at 25 Old Brompton Road, also in London.

## Jospin visits Blair for day of fun

By Andrew Parker in Sedgefield

High affairs of state were all but forgotten yesterday in Sedgefield, the north-east England district which Tony Blair, the prime minister, represents in the House of Commons, and which he visited yesterday with Lionel Jospin, the French premier.

At the children's fun club inside Trimdon Colliery community centre, the prime minister indulged in face painting, listened to a French version of Little Red Riding Hood, and played soccer on the adjoining field. The only formal announcement of the day was about an initiative for French "football-mad youngsters" to visit English and Scottish clubs.

There were more members of the press than children and politicians put together. The media entourage had been swollen by four minibus loads of French journalists.

One of them said she could understand what Mr Jospin was getting out of this: a lot of sympathetic coverage back home courtesy of journalists delighted to be



Mr Jospin (left) and Mr Blair playing soccer with children in Sedgefield, north-east England

abroad. But what, she asked a Blair aide, was the UK prime minister gaining? "He doesn't need to gain anything," the official replied. "The prime minister is constantly communicating, and this is part of it."

Unfortunately for Mr Blair he was not communicating all that well in French. He was asked whether he envied Mr Jospin, given the latter's strong opinion poll ratings and the healthy state of the French economy. Provoking hilarity among the French journalists, Mr Blair

replied: "J'ai envie de Lionel dans tous les pays." Mr Jospin whispered to Mr Blair that what he had said was a little ambiguous (Translation: "I want Lionel in every way").

The relationship between Mr Blair and Mr Jospin did not get off to a good start after the UK prime minister told European socialist party leaders last year to "modernise or die". Since then, however, the UK economy has slowed down, while the French economy has accelerated.

Mr Jospin, whose government has introduced a 35-hour working week, was keen to signal the idea that he is an old-style socialist.

He said that he and Mr Blair should accept they are different, adding diplomatically: "I could accept the idea of a clone of Tony Blair, but a clone of Jospin? No, it would be too much." Mr Blair returned the compliment, enthusiastically endorsing Mr Jospin's declaration that he believed in a market economy but not a market society.

## Export licence delays 'hit defence deals'

By George Parker, in London

The government has been accused by two committees of the House of Commons of losing valuable UK defence contracts because of serious delays in issuing export licences.

A joint report by the defence and industry committees found that almost half of all export licence applications were not processed within the target time of 20 days.

"It is not acceptable that export orders are lost simply because of delays in securing export licences," the MPs said. "We welcome the progress being made in clearing the backlog of licence applications, but the extra effort being made should not be reduced until standard times are routinely being met."

The delays are partly attributed to the government's "ethical foreign policy", introduced last year, which requires close scrutiny of all export deals.

The report also laments slow progress in restructuring the European defence industry, particularly in the aerospace and defence electronics sector.

It says France has been

reluctant to privatise its defence industry, primarily because it could result in the loss of up to half the jobs in the sector. "If European integration is to occur, France will have to bite the bullet, and the UK and other European governments must play their part in encouraging this," the report says.

However, the MPs insist that European defence procurement must be based on open competition, and that bilateral deals with the US should be encouraged.

"It would not be in the UK's national interest for Europe to give any hint of building some sort of 'fortress Europe' while industry in Europe is being restructured, because that could create barriers in the US," the MPs' report concludes.

Pardons for hundreds of British soldiers executed for cowardice or desertion during the first world war were ruled out by the government yesterday.

John Reid, minister for the armed forces, expressed a "deep sense of regret" at the loss of life and announced that parliament would be invited to abolish the death penalty for military offences in the British armed forces "in peace and in war".

## Transport of fortune set to keep running

Bonanza from buses, trains and planes likely to continue under the formerly critical Labour party, Charles Batchelor reports

The business of running buses, trains and planes is creating controversy and millionaires in almost equal measure. "Two records were set last year," John Prescott, deputy prime minister, and chief transport minister, told MPs when he introduced a policy paper on transport in parliament. "One million rail passengers complained and record numbers of rail millionaires were created."

Brian Souter, chairman of Stagecoach, and his sister Ann Gloag have built a transport business capitalised at £3.6m (\$5.94m) and made personal fortunes from buses. Virgin Atlantic, the airline launched by Richard Branson, is one of the main pillars of his considerable fortune.

A score of less well known businessmen have made millions from mundane businesses in the transport sector. They range from Sandy Anderson, who sold his Portbrook train leasing business to Stagecoach for a profit of £23.6m, to a quartet of former bus entrepreneurs who set up the Prism Rail group. Floated on AIM just over two years ago, Prism is now valued at £107m on the main market.

Until this week, the personal and corporate fortunes of these people depended on the deregulation and privatisation put in place by the former Conservative government. Now Labour is producing transport policies. It wants to reduce dependence on the car and increase the attractiveness of public transport. And again, transport kings are playing a vital role.

Far from facing censure, the bus companies who were the particular target of Labour's anger in opposition, were offered a big part to play in Labour's transport plans.

The main opportunity for them lies in the government's plan to formalise the present system of "quality partnerships," whereby bus operators and councils co-operate on improvements to buses, bus stops and the introduction of priority bus lanes. This would allow councils to set minimum standards for bus operators and reinforce the position of the larger bus companies such as Stagecoach, FirstGroup and Go-Ahead. FirstGroup and Go-Ahead, which can afford to invest in the facilities needed.

Just how effective these partnerships can be in

increasing passenger numbers is shown by one scheme in the northern city of Leeds, where FirstGroup has boosted passenger numbers by 50 per cent over 2½ years. It is now working on six more schemes.

The government's railway plans hold threats as well as opportunities for the privatised train companies with the prospect of tighter regulation being imposed by a newly created strategic rail authority.

**'A million rail passengers complained and record numbers of rail millionaires were created'**

The nugget for the rail sector was the government's decision to allow the early renegotiation of train franchises. Train operators would have to offer improvements such as new trains and more frequent services. But they would be able to plan their investments better over a longer franchise.

South West Trains has since said it wants to extend its seven-year franchise. Great North Eastern Rail-

way is also seeking a 15-year franchise.

One result would be to boost demand for new rolling stock. At present, many in the rail industry expect orders to dry up as the train operators approach the end of their franchises.

The poor relation in transport has traditionally been shipping. Here too, Labour has promised to make companies happier, ending the neglect shipowners feel they suffered under the previous government. Mr Prescott is promising to extend to coastal and short-sea shipping the subsidies currently available to shift freight from road to rail or inland waterways. The total available is not large but has been increased by one third to £4m this year.

William Everard, managing director of F.T. Everard, a family-owned shipping company, thinks the extra subsidy might make new seaborne shipments viable. "We have lost a lot of business, particularly oil products, to road over the years," he said.

In addition, the government's plans for increased use of rail freight would benefit ports with rail connections. "We are looking to invest to get more rail traffic into our ports," says Andrew Smith, managing director of Associated British Ports, the largest UK port operator,

CULTURE MONEY WILL BE USED TO FUND GOVERNMENT'S FAVOURED PROJECTS

## Arts' share of lottery cash frozen

By George Parker and Alice Rowsthorn

The government plans to take a further £250m (\$415m) a year out of the National Lottery early in the new millennium to fund its favoured projects, Chris Smith, chief minister for culture, revealed yesterday.

Mr Smith disclosed for the first time that the arts, charities, heritage and sport would not receive any more money when cash currently earmarked for millennium projects is reallocated.

Instead the money is more likely to go to the controversial sixth good cause - the new opportunities fund - under which ministers have

channelled money into their chosen priority areas, such as health and education projects.

Mr Smith has faced severe criticism for using lottery money to fund such projects, since the cash is not intended to replace core government spending. The culture secretary yesterday guaranteed for the first time that arts, charities and sport would each continue to receive one-sixth of lottery funds after 2001 - a total of around £250m each.

The disclosure came on the day that Mr Smith gave details on how he intended to spend the £250m of additional spending awarded to his ministry in the compre-

hensive spending review undertaken by Gordon Brown, chancellor of the exchequer.

There would be £100m for museums and galleries, which would include the removal of all charges for national collections by 2001. A further £125m will go to the arts to fund new productions and to increase access to a wider section of the community.

He also confirmed proposals to create a new body, the Film Council, by merging publicly-funded film organisations including the British Film Institute, British Film Commission, and the Arts Council panel which distributes National Lottery money,

to the film sector. By far the biggest organisation to be folded into the council will be the BFI, which yesterday unveiled proposals to reorganise its activities.

The English Tourist Board yesterday said it would campaign for a national tourism body for England after Mr Smith, announced proposals to replace the 30-year-old board, Scherazade Daneshkhu, with a new body.

Mr Smith said the current structure for promoting English tourism was "byzantine" and proposed four ideas for industry consultation - including creating a national private-sector company to replace the ETB.

## NEWS DIGEST

### ECONOMIC GROWTH

#### Slowdown may not be enough to avert rate rise

Britain's underlying economic growth rate has slipped below its long-run trend for the first time in two years, but the slowdown may not be enough to avert another rise in interest rates.

Excluding the volatile oil and gas extraction sector, gross domestic product grew 0.4 per cent in the second quarter of the year. This is below the non-oil economy's trend growth rate of 0.5-0.6 per cent a quarter.

The non-oil growth rate has now slowed for four successive quarters. The whole economy grew 0.5 per cent in the second quarter, unchanged from the growth rate in the first. Output was 2.6 per cent up on the second quarter last year.

Service sector output expanded by 0.6 per cent in the second quarter, a slight deceleration from the first quarter and the lowest rate recorded since the last quarter of 1996. Robert Chote, London Editorial comment, Page 6

### NORTHERN IRELAND

#### 'Crisis' warning after killing

Anti-republican politicians in Northern Ireland warned yesterday that the region's peace agreement was "heading for a major crisis" unless the UK government toughened conditions for Sinn Féin's participation in the executive. The warnings came as police confirmed they investigating possible involvement by the Irish Republican Army in last week's killing of a Belfast republican. Sinn Féin is the IRA's political wing.

The fatal punishment shooting of Andy Kearney in north Belfast last weekend has been blamed on the IRA by his family and local human rights groups. Police said yesterday they were "pursuing a line of inquiry that suggests it was carried out by the Provisional IRA".

Alex Maskey, a leading Sinn Féin assembly member, said the IRA ceasefire was still intact and republicans were entitled to ministerial positions. "We are continuing to pursue our peace strategy regardless of what the RUC [the police] do or say," he said. "As far as we are concerned, the IRA remains strongly committed to its peace strategy also and we have no evidence to suggest otherwise." John Murray Brown, Dublin

### INDUSTRIAL TRAINING

#### MPs' concern over budgets

A sharp warning on the inadequacies of financial controls at Training and Enterprise Councils has been made by the House of Commons public accounts committee. The committee is particularly alarmed at Tecs' involvement in up to £3.5bn (\$5.8bn) of job creation schemes under the government's so-called New Deal, following the disclosure of serious deficiencies in their ability to manage their existing budgets.

The 72 English Tecs manage £1bn of youth, adult and other vocational training under contract from the government. However, the committee said their performance was inadequate in three ways: they were holding too much cash in their reserves rather than spending it on training; cases of fraud and malpractice were rising; and the level of erroneous payments to Tecs was too high.

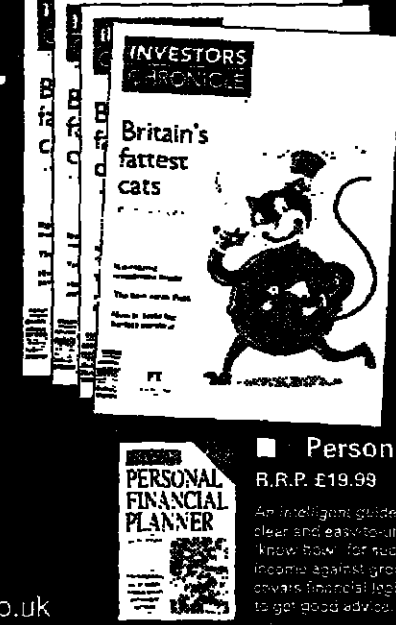
There are 39 cases of alleged or suspected financial irregularity and fraud under investigation at the moment among Tecs, involving £7.6m. FT political staff

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## NEWS DIGEST

### ARIAN BORDER

#### mier ready to tighten border controls in east

Germany's border police are preparing to tighten controls on the eastern border with Poland and the Czech Republic, a move that could lead to a significant increase in the number of border crossings. The move is part of a broader effort to strengthen border security in the wake of the September 11 attacks.

### TRAFFIC

#### itchdog issues critical report

The UK's leading dog training charity, the British Dog Training Association, has issued a critical report on the current state of dog training in the UK. The report highlights the need for more standardized training methods and the importance of ongoing education for dog owners and trainers alike.

### EUROPEAN POLITICS

#### 44 falls in privatisation row

The UK government's plans to privatise 44 state-owned enterprises have sparked a fierce row in the House of Commons. Opposition parties are demanding more transparency and a clearer rationale for the sales, while the government insists that the moves are necessary to reduce the national debt and improve efficiency.

### ISRAELI PUBLIC OPINION

#### Support for handing over land

A recent survey of Israeli public opinion shows a significant increase in support for handing over land to the Palestinians in exchange for peace. The survey, conducted by a leading Israeli polling firm, found that a majority of respondents believe that territorial concessions are a necessary step towards achieving a lasting peace with the Palestinians.

### EUROPEAN

#### First Airbus chief dies

The first chief of the European Airbus consortium has died, a loss that the company has described as a significant blow. The chief, who had led the consortium since its formation, was a key figure in the development of the A380 superjumbo. His death has prompted speculation about the future of the A380 project and the consortium's overall strategy.

### UK AIR LINK

#### ban lifted

The UK government has lifted its ban on flights to and from the city of Baghdad, a move that is seen as a sign of improved relations between the UK and Iraq. The ban, which had been in place since the start of the Gulf War, was lifted after a series of diplomatic negotiations and assurances from the Iraqi government.



## COMMENT &amp; ANALYSIS

## FINANCIAL TIMES

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Saturday July 25 1998

## Home truths about recession

It has been a testing week for optimists on both sides of the Atlantic. On Tuesday, Alan Greenspan talked ominously about a virtuous circle that may be running out of impetus; and if the US economy does not slow down of its own accord the US Federal Reserve chairman strongly hinted that interest rates must go up.

It was a sermon that the markets have heard before. Nevertheless, the Dow Jones Industrial Average fell 4 per cent by Thursday, before recovering a little yesterday, and in Britain the FTSE-100 was dragged down with it.

Mr Greenspan's text was the perpetual motion machine created by rising stock market prices. These have fuelled consumer spending, which helped to increase output, employment and productivity, which in turn pushed up profits, which then justified yet higher market valuations. In the process, many Americans have become very rich on paper at least. Since 1994, household assets have risen by \$12.50bn. But by framing his analysis in this way, Mr Greenspan raised the urgent question of how long the good times can last without rising inflation.

There still seems a good chance that - in spite of some talk of recession among analysts - economic activity will continue to slow down smoothly in the US, perhaps even without the intervention of the Fed. The economy has, after all, shown impressive underlying strength, with a combination of labour market flexibility, low inflation and productivity growth much better than historical trends would have suggested.

But there is clearly a danger that strong action by the Fed could cause equity values to tumble - and not just in the US. This could be particularly worrying for the British economy, which now faces the possibility of recession from a much weaker underlying position.

### Profits warning

The profits warning from ICI last week and the announcement that the German-owned Rover car company is to shed 1,500 jobs brought the difficulties into focus. They were the visible effects of high interest rates and a strong pound, which have increasingly been worrying manufacturers. Unfortunately these announcements may be just the start of a long period of bad news. For, despite some hopes that the UK economy was emulating the US, at least in increased labour market flexibility,

it now seems that the old British problems are far from eradicated: low investment, poor productivity and a general tendency to wage inflation.

These create a much sharper dilemma for the Bank of England's monetary policy committee than that faced by the Fed. Whereas the Fed may well be able to restrain inflation without causing a recession, the committee cannot be sure that it can achieve one without the other, as its internal arguments demonstrate.

The recent announcement by Gordon Brown, the chancellor, that he is to loosen the public spending reins makes the difficulty all the more acute. According to the National Institute for Economic and Social Research, this week, his plans from next year represent an annual rise in public spending of 3 per cent in real terms for three years. This is rather more than the Treasury's figure, on a somewhat different basis. However, if inflation is to hit the government's target of a 2½ per cent annual rise, there is little doubt that economic growth must be reduced to well below its long-term trend rate of 2½ per cent per year. So the economy will be slowing just as public spending rises.

### Rising unemployment

Why is this necessary? The Bank does not dare to be explicit, but it knows that with the economy at or above full capacity, the only way to reduce private sector wage increases from the present annual rate of 6 per cent is through a period of rising unemployment. Mr Brown must know this too, although he has been pretending that voluntary restraint could be an alternative.

The UK's difficulties should not be exaggerated: inflation is likely to fall, and yesterday's figures for national output in the second quarter showed a distinct slowing down. Nevertheless, it is now clear that the government's fiscal expansion will put a heavier burden of anti-inflation policy on to interest rates. That means that they will remain high, or at least considerably higher than they might otherwise have been.

If that keeps sterling strong, the government must steel itself for more layoffs and more profits warnings, and if things go wrong in the US, that might mean a contraction in the economy. Even without a recession, current policy is likely to keep UK monetary policy much tighter than would be desirable for early entry into the European Monetary Union. But for now that may be the least of the government's worries.

In Woody Allen's 1973 film *Sleeper*, doctors in a futuristic society want to clone a new dictator from the nose of their assassinated leader. Allen, who is impersonating a surgeon, places the nose and the dictator's clothes on the operating table, announcing to assembled scientists that he will clone the leader straight into his suit.

Twenty-five years ago, cloning was just another madcap idea along with 10ft high chickens, robotic home-helps and sex-simulating cabins known as "orgasmotrons", all of which appeared in *Sleeper*. Today the world is coming to terms with the fact that cloning is a reality.

That was brought home this week by the announcement that scientists in Hawaii had developed a relatively efficient method of cloning adult mice. By injecting the cell of a mature mouse into the genetically stripped egg of another, the team produced dozens of baby clones in a matter of months.

But why are scientists doing such things? It is not, as is sometimes thought, for the Frankenstein-like pleasure of playing God. Rather, it is because they think cloning will be a vital technology in future medical treatments. It is a little like Henry Ford and the car; he did not invent the car; he worked out how to mass produce it - and this was what made all the difference. In the same way, the significance of cloning does not lie just in the experiment itself but in the changes it could make possible in medical treatment. Four medical technologies are already well advanced.

First comes the use of cloned animals to provide organs for the controversial practice of transplanting into people. At the moment, if someone's liver or kidney fails, their only hope of gaining a replacement is to wait for another person with a genetically similar make-up to die. Genetic engineering and cloning could change that.

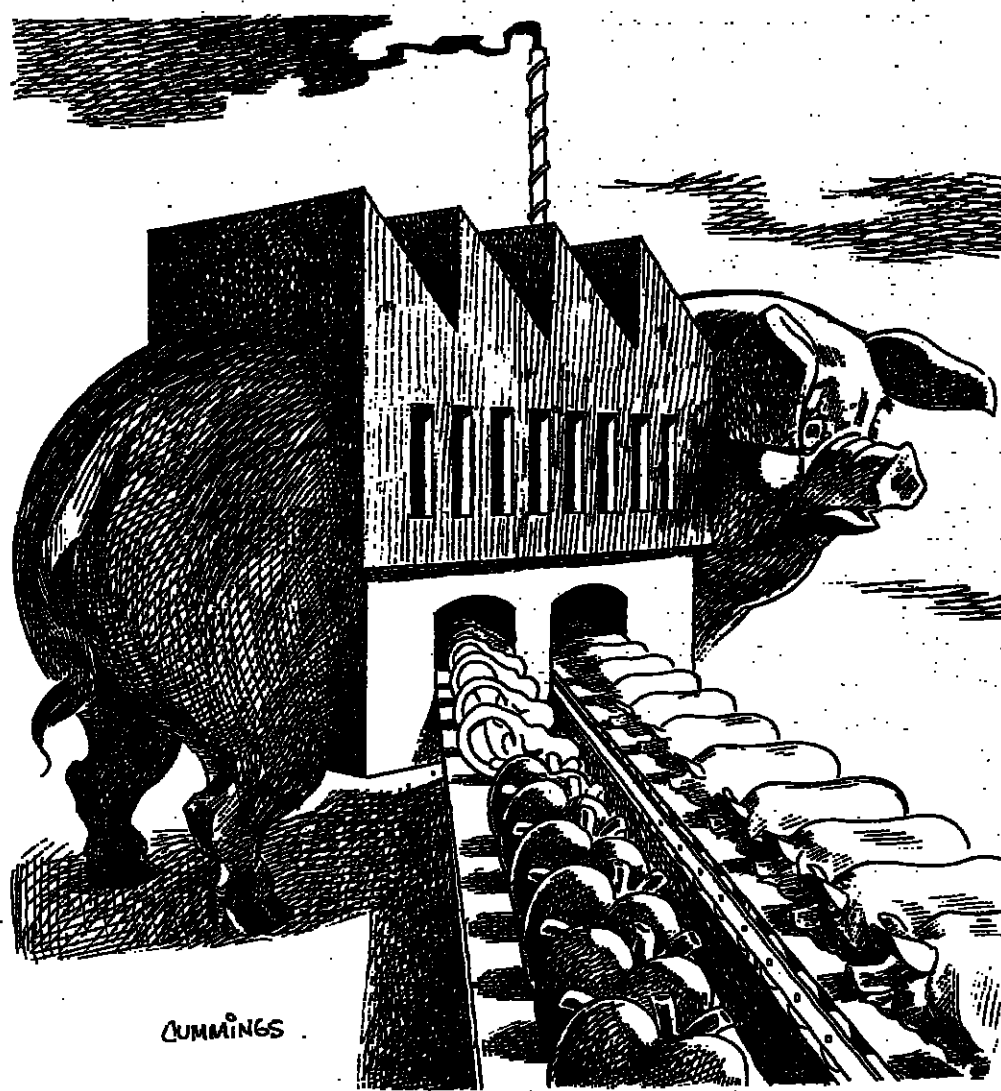
PPL Therapeutics, the Scottish company linked with the Roslin Institute where Dolly the sheep was made, is one of several companies racing to produce a genetically modified "super-pig" to supply organs and other tissues to humans. This is what some scientists describe as the "pig as spare parts" model. PPL this week said it was licensing in the Honolulu mouse-cloning technique in an attempt to extend it to pigs which, like mice, produce their young in litters.

Several teams of scientists are trying to splice human genes into pig cells with the aim of creating an adult animal with organs that the human body is less likely to reject. The creation of transgenic mice, including ones with human genes, has been standard practice for 20 years, but creating the perfect pig is stretching scientists to the limit.

That is where cloning comes in. It may be extremely hard to engineer the "right" pig. Once it

# Send in the clones

Hawaii's identical mice have brought cloning back into the news and taken the prospect of manufactured people out of the realm of science fiction. David Pilling examines the implications



CUMMINGS

is done, the experiment may be hard to replicate. And breeding would alter the next generation's genetic make-up. But by cloning, one could produce what has been called "an instant herd" of genetically identical animals.

"Everyone wants this pig that's going to be the perfect donor," says Lee Silver, professor of genetics at Princeton University. "Once you've got that, the best thing to do is to clone it."

There are other advantages. "If they were all identical, it would be wonderful from the regulatory point of view," says Ron James, managing director of PPL. A company would need to persuade regulatory authorities only that its *Dr-pig* was suitable for human transplants, rather than having to gain separate approval for each, genetically different, animal. PPL hopes to start with the production of pancreatic islets, cells that make insulin, to be transferred to diabetes sufferers. The company would then move on to hearts and lungs, before attempting kidneys (more difficult because they produce proteins). "Kidneys are where the really big market is," says Dr James.

Eventually, scientists believe, animals may not be needed at all. It may be possible to use cloning techniques to grow organs

directly from a patient's own cells, sidestepping the problem of rejection. This is the second of the four medical treatments based on cloning.

Cumulina, the first Hawaiian mouse, was made by injecting a cumulus cell into an egg from which the nucleus had been removed. The egg then reprogrammed the cell, bringing it back to its original state and giving

**Nobody wants to talk about human cloning. But this technology will be used to produce cloned babies**

ing it the capacity to generate the range of tissues - bone, blood, muscle - needed to create a mouse.

Scientists believe that, if they can intervene at this original stage, when the cell can become anything, they can persuade it to make the particular type of cellular material they want.

"You have to figure out what are the signals to make a particu-

lar tissue," says Prof Silver. "You could then provide these signals right in the culture dish and produce, for example, bone marrow to cure someone of leukaemia."

A third potential use of cloning is "pharming", the conversion of cows or sheep into "factories" for the production of proteins or drugs.

The Roslin Institute, for instance, has created a sheep with a piece of human DNA embedded into its genetic make-up that triggers the production of a human protein, alpha-1-antitrypsin, in its milk. By cloning a herd of such sheep, researchers have produced an antitrypsin production line. Dr James says his company has begun Phase II trials to test the drug, which is already used for emphysema, as a possible treatment for cystic fibrosis.

The fourth area in which cloning could speed up medical advances comes about through the creation of laboratory animals. Laboratories have traditionally used mice to test their latest drugs. But mice cannot be used to test some drugs, for example those aimed at counteracting or eradicating the human immunodeficiency virus (HIV) that causes AIDS. That is because mice cannot develop AIDS or anything like it.

To test anti-HIV drugs, scientists need monkeys, preferably ones with a similar or identical genetic make-up so that it is easier to analyse data. The National Institutes of Health, a US government agency, is funding research into the production of identical monkeys.

It is at this point that many scientists, for whom the word "clone" is usually a dispassionate term meaning "copy", become rather queasy. Some may condone the use of animals as "factories" for spare parts or medicines. Some may also condone the creation of herds of cloned animals which, they believe, could save endangered species. (Work is already being done with pandas, and scientists have frozen DNA from the skin of blue whales in case they ever near extinction.) Indeed, ProBio America, a biotech company that owns the Hawaiian mouse technology, wants to start cloning endangered species as soon as possible. But many draw the line at deliberately creating troops of monkeys for experimentation. And many more are discomfited by the few who would go further still.

"Nobody in the biotech industry wants to talk about human cloning. But I do," says Prof Silver. "Sooner or later, this technology will be used by infertile couples to produce cloned babies."

There is nothing nightmarish in this, he says. "We already have clones on Earth. That's what identical twins are." Twins grow into different people because of varying environmental factors. "Cloning does not, and cannot, replicate a person. All it does is begin a new embryo with the same DNA."

That argument has not convinced many national authorities, including the UK's Human Fertilisation and Embryology Authority, which recommended that human cloning be banned. Like most European countries, Britain has concluded that human cloning - for experimental or infertility purposes - is a step too far. In the US, where human cloning is not illegal, President Bill Clinton has called for a five-year moratorium to allow society to catch up with the moral implications.

"All - or at least most - scientists have a very deep dislike of [the idea of] any individual producing a genetic copy of himself," says one UK zoologist. "It would not be fair to the child because the parent would have unrealistic expectations for his genetically identical offspring."

That may be, says Prof Silver. But outlawing human cloning will not prevent it from happening. "Just because it's banned in the UK does not mean people will not go to the US or to somewhere like Indonesia to carry out their experiments," he says. "The truth is people are working on this already. You won't find anyone who'll say they are. But I'm convinced it's already going on."

## LETTERS TO THE EDITOR

### Encryption horse has already bolted

From Mr R. Söderman.

Sir, The "encryption stalemate" solution that you report on ("Bid to break encryption stalemate", July 14) is a non-issue. Strong encryption products have been widely available in the US for years (computer stores and free downloads from electronic bulletin boards). Even outside the US, via the Internet, these same products (not just the watered-down export versions) have been, and continue to be, widely available.

Since the mathematics that makes these encryption schemes possible is well known in academia across the world, products have also become available from non-US companies. These equal

and in some cases surpass what is distributed in the US. One such product is F-Secure from Finland which, by the way, has been bought by several US government agencies, apparently not just for testing, but for use because of its superiority to other products in many respects. Another product, which appears equally strong, is freely available from Israel.

There are also other methods available such as "chaffing and winnowing" proposed by R.L. Rivest of RSA encryption fame, which are not now controlled at all by export or any other restrictions and which make "backdoor" prying by government agencies virtually impossible.

It is unarguable that the horse has long since bolted the stable. The US has lost control of the technology. All the encryption software that anyone (honest or not) could want is freely and easily available wherever computer materials are distributed.

That the companies mentioned in your article are even proposing their scheme to the US government can only be seen as appeasement of government drones that are too foolish to know that they don't know what the state of affairs is.

R. Söderman,  
Angermanlandsgatan 10D,  
S-89 135 Ornskoldsvik,  
Sweden

### Fired up with the answer

From Mr John Wittenberg.

Sir, In answer to Observer's question ("Struck off", July 23): "Who but the French could have had the ingenuity and diligence to tax fire?" I would urge him to look no further than his own hearth. He will find the same spark of genius in the UK, where a special duty on matches and cigarette lighters was only recently extinguished, in the 1992 Finance Act.

John Wittenberg,  
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Sennelagerberg,  
Luxembourg

From Mr Trevor D. Evans.

Sir, Observer ("Struck off") asks the question: "Who but the French could have had the ingenuity and diligence to tax fire?" The answer is the Italians, who not only tax lighters and matches, but also require a revenue stamp to be attached to each lighter and box or book of matches.

Trevor D. Evans,  
Goederstrasse 38,  
63071 Offenbach am Main,  
Germany

### Landmine clearance needs to be structured

From Mr Steve Wilson.

Sir, To suggest that distributing "self-powered" mine detectors on a large scale will halve the annual number of landmine casualties shows naivety of landmine clearance ("Mine detectors for the masses", July 21).

The wind-up radio was a breakthrough because it gave people access to information by freeing them from the need for external

power. Freeing people to find landmines and unexploded ordnance is not the same. Landmine clearance requires structured organisation if accurate records are to be kept of safe and dangerous land. Moreover, giving people a way of finding unexploded landmines and ordnance without a way of safely destroying them promotes greater risk-taking. We would be glad to trial and

evaluate the new detector. Our concern is that exaggerated claims do little for the confidence of demining agencies in the equipment being promoted.

Steve Wilson,  
technical operations manager,  
Mines Advisory Group,  
54A Main Street,  
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Cumbria CA13 3LU, UK

### Better to measure management performance on market capitalisation

From Dr Tim Williams.

Sir, Malcolm Kitchen from Hoare Govett argued in his letter to you (July 30) that the share price is an adequate measure of management performance on which to base management remuneration.

There is a problem with this.

The management, with the shareholders' approval of course, has a handy mechanism by which to ensure that the share price performs, regardless of current or even anticipated earnings of the company.

I refer, of course, to the simple process of reducing the number

of shares in issue, which has recently become so popular. It would theoretically be possible to increase the share price while the value of the company decreases (given sufficient retained earnings, or sufficient volatility in the share price). I wonder how many management share options are

fully adjusted for share buy-backs?

Surely a more appropriate measure would be the market capitalisation of the company?

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**The difference between success and failure is paper thin.**

FINANCIAL TIMES  
No FT, no comment.



MAN IN THE NEWS KEIZO OBUCHI

# Japan's Mr Average

The ruling party's 'unexciting' new leader may be just the man to reverse the country's fortunes, say **Michiyo Nakamoto** and **Paul Abrahams**

There was a certain perversity in yesterday's decision by Japan's ruling Liberal Democratic Party to choose Keizo Obuchi as its new leader.

The man picked to replace Ryutaro Hashimoto as Japan's next prime minister has been famously described as about as "exciting as cold pizza". He has an undistinguished track record, is depicted by those who know him as dull and indecisive and was, among the three candidates in the contest, by far the least popular with the general public.

And this is the man chosen the day after Moody's, the US credit rating agency, said it was considering downgrading Japan's Aaa rating.

When the Japanese economy was growing fast in the 1980s, the indecisive leadership never proved much of a handicap. But now, unless Mr Obuchi can deliver on his pledge to "reconstruct the Japanese economy", his own party, the country and, indeed, the world, will suffer.

As far as the party is concerned, he has little more than two years before elections for the lower house. With the LDP's ratings in the polls at just 20 per cent, a repeat of the performance during this month's upper house elections would see them swept from power.

As far as everyone else is concerned, failure to address

Japan's banking sector problems and revive the economy will further reduce Japan's ability to act as an engine of growth for the rest of the troubled Asian regional economy. It could trigger another round of yen depreciation, putting pressure on other Asian countries' currencies and depressing economic activity elsewhere.

To tackle these formidable tasks, the prime minister will need the ability to devise radical policies and the political power to implement them. That means taking on the powerful interest groups that have consistently blocked attempts at reform.

At first glance, the 61-year-old Mr Obuchi does not appear up to the task. He has been an undistinguished foreign minister and, unusually for a potential Japanese prime minister, has never headed one of the powerful economic ministries. During the run-up to the prime ministerial contest, he was dubbed "Mr Average", and "the noodle shop between the two skyscrapers" (his rivals).

His strongest points are his reputation as a conciliator and his homespun style. After he was elected to Parliament in 1993 he caused a stir by bringing his mother with him on his first day in the job. His wife, Chizuko, is said to be too embarrassed to go to the cinema with him for fear that he will cry during the film.

He is also a self-deprecating wit. After the cold pizza joke, he sent his team out to serve pizzas to journalists waiting outside his house.

"On a personal level, Mr Obuchi is a very good person," says Minoru Morita, a political analyst. "He always says, 'thank you' and 'see you again'. But it is very difficult to get him to say anything else."

Paradoxically, in spite of his limitations, Mr Obuchi may still be the best man available for the job. His lack of political vision does not distinguish him from rivals. All three candidates were promoting almost identical policies.

All agreed on the need to push on with the so-called Bridge bank scheme to restructure the financial system. All proposed a massive fiscal expansion involving tax cuts and a boost in government spending. All want to reverse the fiscal stringency of Mr Hashimoto, the outgoing prime minister.

"Whether it is Obuchi or anybody else is less important than the fact that the LDP realises more needs to be done," says Richard Jeram, chief economist at ING Barings Securities in Tokyo. Mr Obuchi has pledged to make permanent tax cuts of more than ¥6,000bn (\$26bn), introduce a supplementary budget of ¥10,000bn and provide tax breaks on housing loan interest payments.

He also plans to freeze Mr Hashimoto's fiscal reform law, promising to cut the effective corporate tax rate from 46.38 per cent to 40 per cent. Under his proposals, the highest personal income tax rate will be cut from 65 per cent to 50 per cent.

Policy formation, then, should not be the biggest challenge for Mr Obuchi. Rather it will be his ability to implement such policies. This is probably his area of greatest strength.

Unlike the other candidates Mr Obuchi has strong backing within the party. He has inherited the faction largest in the LDP from Noboru Takeshita, his mentor, when the former prime minister resigned nine years ago to take responsibility for the LDP's poor electoral performance at that time.

In the short term, the biggest risk facing Mr Obuchi and Japan, is that the party will split and lose its majority in the Lower House. "The key issue," says Jesper Koll, chief economist at J.P. Morgan, "is whether the LDP can maintain party unity. The danger is that with a divided LDP, there will be policy gridlock."

That danger is real. The LDP has a majority of 13 in the Lower House. But a group of about 20 young LDP politicians are concerned that with the uncharismatic Mr Obuchi as prime minister they will be unable to hold on to their seats in the coming election. Before the lead-

ership vote, they threatened to leave the party if Mr Obuchi won.

Meanwhile, Seiroku Kajiyama, one of the three candidates who left Mr Obuchi's faction to run against him, has set up a policy study group within the LDP. Such study groups have frequently been the first step in the formation of a new faction, or a new party.

Preventing such defections will be the first big test of Mr Obuchi's leadership. The next will be fostering cooperation with opposition parties. These have the power to block legislation in the Upper House, where the LDP has lost its majority.

For example, Mr Obuchi faces potentially difficult negotiations with the Democratic Party, the largest opposition party, over plans for a bridge bank to take over the assets of failed banks. The Democratic Party says the LDP's proposals are fundamentally different from what they have in mind.

Over the next week, attention will be focused on who Mr Obuchi appoints to his cabinet, particularly to the post of finance minister. His ability to put together a credible team will be critical to winning over a disenchanted public and sceptical markets.

Affability and a consensus style did not help him win the battle of public opinion. But they may be essential allies in the mountainous task that lies ahead.



## The heart of the matter

Will the Murdoch divorce break News Corp, ask **John Gapper** and **Tracy Corrigan**

When Rupert Murdoch, the media magnate, rose to address the ranks of senior executives of his News Corporation at their annual retreat in Sun Valley, Idaho last week, his mood was subdued. In a closing speech, he thanked the staff there for supporting him during "troubled times".

Given the buoyant fortunes of News Corporation, which owns a stable of UK newspapers including The Sun and The Times, as well as the Fox film studio and television network in the US, it might be thought an odd remark from its chief executive. But all those present knew what he meant.

After a three-month separation, Anna Murdoch, Mr Murdoch's wife of 31 years, filed for divorce in the California courts this week, in what could prove the most expensive marital breakdown in history. The move also raised uncertainty over the future control of the News Corp media empire.

Corporate divorce has become a hot topic of conversation in the US since the bitter divorce battle of Gary and Lorna Wendt in the Connecticut courts. Mrs Wendt, whose husband was number two at General Electric, the most valuable US company, was awarded a \$30m settlement by the court.

The Murdoch case promises to take this a stage further. The sums are larger, since the family holds 31 per cent of News Corp and owns multi-million dollar homes in Colorado, Beverly Hills, London and Sydney. In California, joint assets are normally split 50:50. Mrs Murdoch said in her filing she did not know the full value of the joint assets.

Family and corporate matters are more closely intertwined at News Corp than at any other \$30bn company. Not only do both Mr and Mrs Murdoch sit on the board, but their children Elisabeth, James and Lachlan occupy



top posts in News Corp or its associates.

Furthermore, Mr Murdoch has always made his favoured senior executives feel part of an extended family. At the Idaho retreat speeches from executives, including Lachlan Murdoch, were mixed with parties.

"Rupert is a showman at heart. He just loves a big party," says one associate. In her case, Mrs Wendt argued that she was entitled to half her husband's assets because her role as a "corporate wife" - hosting dinner parties, organising multiple house moves and so on - materially contributed to his rise to become chief executive of GE Capital.

In the event, Mrs Wendt failed to gain the half of Mr Wendt's assets to which she believed she was entitled. Sara Oldham, one of her attorneys, says this was because there is "an unwritten rule" in Connecticut that conjugal assets are only split up to a ceiling of \$10m.

Mrs Murdoch's situation is different. She has filed for divorce in California, one of only nine US states with so-called community property laws, which means that all assets are split. Unlike

Mrs Wendt, she will not have to prove her contribution to the marriage.

In practice, it would not be hard for her to do so. The couple married in April 1967 having met when the future Mrs Murdoch was a trainee reporter on the Sydney Daily Mirror. In marriage, Mrs Murdoch has followed her husband's whirlwind trail around the world as he built up his media operations.

Some friends suggest that strains have been imposed on the marriage by Mr Murdoch's refusal to slow down despite the fact that he is now 67. Yet the News Corp annual report makes plain that Mrs Murdoch plays a far larger role than a caricature home-making and husband-supporting wife.

She not only attended all but one of his board meetings but took part in an audit committee meeting last year. "What they have to figure out is what the community property is. In this case it must be almost everything," says Robert Stephan Cohen, a New York lawyer.

The largest uncertainty in the case is whether "everything" includes the family's \$10bn stake in News Corp. The fact that this might

have to be partially liquidated caused News Corp's shares to fall this week. In practice, Mr Murdoch appears to have ensured this is a remote possibility.

Mr Murdoch indicated last year that the family's holdings had been placed in trusts under the control of the children. This would imply Mrs Murdoch has signed away any rights to those shares and the question will not be raised in the divorce unless it spirals out of control.

That appears unlikely. Esther Berger, the author of Money Smart Divorce and a financial adviser in Beverly Hills, says the Murdochs have hired "two prominent West Coast lawyers who are not known for duking it out in court".

Nonetheless, the Murdoch case promises to encourage other wives thinking of taking a stand. "I think that the publicity surrounding the [Wendt] case has increased people's awareness of the issues and generated a lot of discussion of marriage and 'Are we partners, honey?'" notes Ms Oldham.

According to a recent article published by the American Bar Association,

"By refusing to settle out of court, the usual path in big-money divorce cases, Mrs Wendt and others have removed the stigma once associated with women who refuse to accept a comfortable settlement and leave quietly."

Mrs Berger also believes that divorce among the corporate rich has become more socially acceptable. "That aspect of divorce in upper levels of society is no longer taboo," she says. "A lot of women in long marriages [must be saying] my prognosis for receiving a sizeable settlement is a lot better."

Other corporate wives - including Wendy McCaw, the former wife of Craig McCaw, the cellular phone magnate - have sought help from two university professors who testified on behalf of Mrs Wendt. Mrs Wendt has also established a Foundation for Equality in Marriage.

More and more in corporate America, equality is measured in financial as well as emotional terms. The Murdoch divorce, "the biggest resolution of any [divorce] case in history", according to Mr Cohen, will only further the trend.

## Votes but no voice

Elections loom but **Stewart Dalby** finds Cambodia resigned to tyranny

present to have been free and fair.

Hun Sen lost the election to the royalists led by King Sihanouk's son Prince Norodom Ranariddh (Sihanouk reclaimed his title of king). Hun Sen refused to go and a messy coalition was formed which lasted until July 1997 when Hun Sen ousted Ranariddh in a bloody coup d'etat.

Another election is being held now (it should have been held last May) because the international community insists it should be. Given that foreign aid makes up more than 50 per cent of the government's budget and that Hun Sen wants a UN seat, the rest of the world is in a position to insist.

But this time the Cambodians themselves are organising the poll. Outside involvement is minimal. Hun Sen controls the apparatus of state and is doing everything he can to ensure he does not lose.

Ten of the 11 members of the National Election Committee, charged with organising the election, belong to Hun Sen's Cambodian People's Party. More than 90 per cent of the Provincial Election Committees (there are 24 provinces) are run by CPP members. The Constitutional Council, which should monitor national assembly elections, has been packed with CPP members.

The CPP has implemented a system of thumbprint registration for the election whereby the registrars agree to vote for the CPP. There is evidence that signatories, many of them illiterate, are not aware of what they are

signing; the CPP tells them the signature is acknowledgement of a gift of monosodium glutamate from the CPP. In this way the party has signed up 3m people out of an electorate of 6m.

Since the coup last July, a climate of intimidation has developed into systematic political violence against opposition parties officials and leaders. The United Nations Commission on Human Rights in Cambodia has identified 91 political killings. The last was on March 4, but Hun Sen has refused to investigate any of them. Hun Sen and his allies also control the 10 radio stations and six television stations and, until now, have denied any use of them to opposition parties.

The sums being spent on this election are, in comparison to the last, paltry. This poll is costing \$27m (\$11m from the European Union). For the registration of voters only 12 liaison officers from the EU arrived. There are just 15 long-term election observers in the country, all of whom have been told not to speak to the press. Some 400 observers are being recruited to visit for the election itself but, since counting will take place in 1,600 centres, they are going to be pushed to monitor the whole operation.

Despite all this it is possible that if the poll is fair, Hun Sen could lose. It is a possibility diplomats in Phnom Penh do not want to contemplate.

It is more likely, however, that Hun Sen will dominate a coalition with some token opposition members. This would be acceptable to the diplomats.

And the Khmer Rouge? Ostensibly, it has been reduced to a rag-tag by military defeats. But Hun Sen, a former member of the Khmer Rouge himself, has been offering an amnesty to the party's leaders if they are prepared to support his CPP. Among those who have agreed is Ieng Sary formerly "brother number 2" after Pol Pot.

The author, a former FT journalist, visited Cambodia on behalf of the United Nations Association (UNA)

PERSONAL VIEW ZAKARIA ERZINCIOGLU

## The high price of justice for sale

'Forensic experts' wheeled out to contradict one another in court are sometimes little better than hired stooges

How would you react if you discovered that your family doctor turned out to have no medical qualifications? You would feel you were the victim of monstrous deception. Health is such a fundamental matter that it cannot be left to any unqualified person who might feel able to treat and cure disease.

Yet in another fundamental human concern - justice - scientific practitioners are totally unregulated. Forensic science is not a recognised concept in English law. Anyone may practise as a forensic scientist. Anyone, qualified or not, can affix a brass plate on the door, proclaiming himself a DNA specialist, a documents examiner, a ballistics expert, a toxicologist or an authority on forensic science. And, sooner or later, such a person will be consulted in a criminal trial as an "expert".

Mistaken forensic evidence has produced some notorious miscarriages of justice. Patrick Nicholls was found guilty of the murder of a

family friend on the basis of two pathologists' reports which said that the dead woman's injuries were consistent with her having been beaten about the head. Not only did he not commit murder, no murder had been committed. Her injuries came from a fall.

Mr Nicholls, who spent 22 years in jail, is now appealing for compensation with the help of a member of the "Birmingham Six" - men wrongly imprisoned for an IRA bombing. The forensic evidence which said they had handled explosives could have been caused by handling playing cards.

For the most part, the government's Forensic Science Service and several other public and private laboratories have high standards. But the worst examples

come from the many quick practitioners who discredit what, in other hands, may be good scientific evidence.

Some practitioners will, in open court, say almost anything to support the side that paid them. Some are incompetent, some dishonest, a few are both. Some have only the most rudimentary understanding of scientific principles and I have known several who, under oath, have made statements that flouted the known laws of nature.

The adversarial system forces scientific witnesses to support one side against the other. "Experts" are wheeled in to contradict, even to discredit, one another. As long as there is a niche for such practitioners, they will flourish and jeopardise the proper course of justice.

This is what seemed to go wrong in the case of John Preece, a lorry driver from Edinburgh who was found guilty of murdering a woman to whom he had given a lift. A forensic scientist gave evidence that the blood found in the lorry was

It has been argued that the client (a police officer or lawyer) is best placed to evaluate the product (scientific advice) as in other transactions. If you buy a pound of apples from a grocer and find they are rotten, it is your right to say that the

same as the woman's blood group. It was also that of Mr Preece's, which the scientist knew. But he was not asked about this. Mr Preece went to prison for eight years.

It is not only that he who pays the piper calls the tune, but he who does not pay the piper cannot control him. Forensic witnesses who offer their services free of charge are often regarded with deep suspicion by lawyers and are not consulted. The problem is created not so much by the adversarial system, nor by fees for "experts", but by the marriage of the two.

Other countries with an adversarial system, notably the US and Australia, also have this problem. Several miscarriages of justice have taken place in those countries in recent years, at least partly because of the way forensic science evidence was handled. The O.J. Simpson case showed how bad handling of forensic evi-

dence can destroy a case. In Australia, the Chamberlain dingo case revealed the dangerous consequences of forcing forensic witnesses into the partisanship required by the adversarial system.

But, unlike in those countries, in the UK there is hardly any public debate on the matter. True, a number of inquiries have taken place in Britain but they have remained specialist concerns, largely outside the public arena. British forensic scientists seem strangely reluctant to air the issue, whereas in the US scientists discuss these matters openly. At a recent forensic symposium in California, one specialist gave a lecture entitled "How good are we?" and spoke of the existence of many "spectacular charlatans in our midst".

A similar debate is needed in Britain. I would like to propose four remedies:

- Forensic witnesses should be answerable to, and paid by, the court. The scientist should answer to the judge alone.
- There should be a new, statutory body of forensic science to carry out forensic work. It would be answerable to the judiciary. A similar system exists in France, the laboratories of the *Gendarmerie*, controlled by the *juges d'instruction* (investigating magistrates).
- A university qualification in forensic science as a first degree is needed.
- A charitable association to examine forensic evidence is needed to deal with suspected miscarriages of justice.

Forensic science must be placed on a firm and credible basis. The current system of ad hoc science does justice no service.

The author is former director of the Forensic Science Research Centre at Durham University



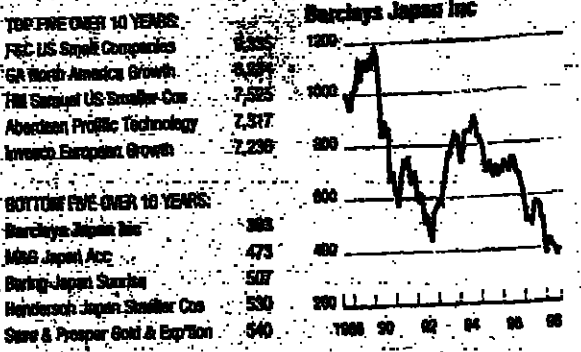
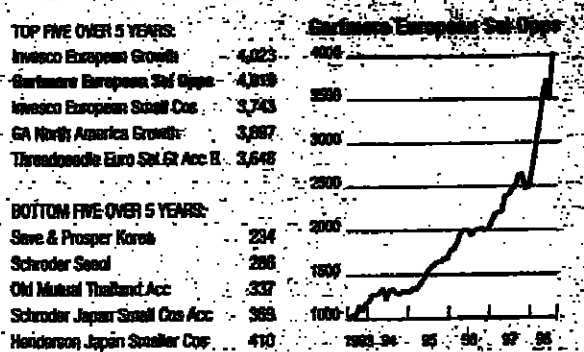
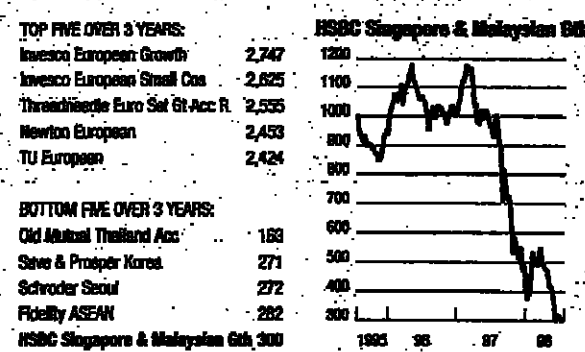
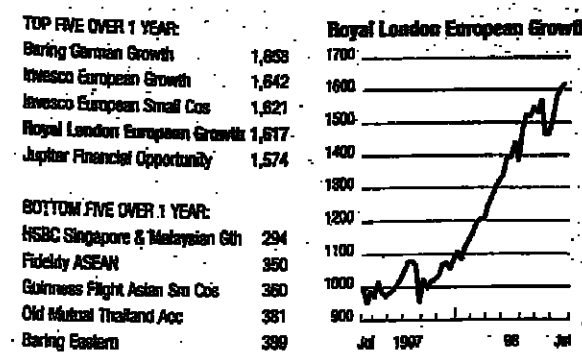






## UNIT TRUSTS

## WINNERS AND LOSERS



## Indices

Index	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																
Average Unit 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**FT MANAGED FUNDS SERVICE**

Index	Market	Trading	Trading	
Class	Price	Price	Price	

K Growth	6	251.73	376.80	-31.1
Joint Growth	8	108.07	112.84	-1.8
Growth & Income	5 C	216.57	271.57	-24.0

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OFEX is an unregulated trading facility for share dealing in unquoted companies which is operated by J P Jenkins Limited in association with Newstretch Limited, a sister company.

The middle market prices shown below are only an indication of value. Shares traded on OFEX should be considered high risk investments. Private investors must deal through a stockbroker which is regulated by the Securities and Futures Authority.

<b>Aluminum</b> Alcoa Inc. 100 26.25 +0.12 Kaiser Aluminum 100 26.25 +0.12 Reynolds Metals 100 26.25 +0.12 U.S. Aluminum 100 26.25 +0.12 World Aluminum 100 26.25 +0.12 <b>Automotive</b> Ford Motor 100 26.25 +0.12 General Motors 100 26.25 +0.12 Chrysler 100 26.25 +0.12 Daimler-Benz 100 26.25 +0.12 Fiat 100 26.25 +0.12 Peugeot 100 26.25 +0.12 Renault 100 26.25 +0.12 Saab 100 26.25 +0.12 Volvo 100 26.25 +0.12 <b>Chemicals</b> DuPont 100 26.25 +0.12 Eastman Chemical 100 26.25 +0.12 Dow Chemical 100 26.25 +0.12 Hercules 100 26.25 +0.12 Occidental 100 26.25 +0.12 Rhodia 100 26.25 +0.12 Solutia 100 26.25 +0.12 Union Carbide 100 26.25 +0.12 <b>Commodities</b> Gold 100 26.25 +0.12 Silver 100 26.25 +0.12 Wheat 100 26.25 +0.12 Corn 100 26.25 +0.12 Soybeans 100 26.25 +0.12 Cotton 100 26.25 +0.12 Oil 100 26.25 +0.12 Gas 100 26.25 +0.12 <b>Energy</b> Amstar 100 26.25 +0.12 Eastman 100 26.25 +0.12 DuPont 100 26.25 +0.12 Hercules 100 26.25 +0.12 Occidental 100 26.25 +0.12 Rhodia 100 26.25 +0.12 Solutia 100 26.25 +0.12 Union Carbide 100 26.25 +0.12 <b>Health Care</b> Abbott 100 26.25 +0.12 Amgen 100 26.25 +0.12 Biogen 100 26.25 +0.12 Bristol-Myers 100 26.25 +0.12 Eli Lilly 100 26.25 +0.12 Genentech 100 26.25 +0.12 Johnson & Johnson 100 26.25 +0.12 Merck 100 26.25 +0.12 Pfizer 100 26.25 +0.12 Schering-Plough 100 26.25 +0.12 Sandoz 100 26.25 +0.12 Takeda 100 26.25 +0.12 <b>High Tech</b> Intel 100 26.25 +0.12 Microsoft 100 26.25 +0.12 Oracle 100 26.25 +0.12 Sun Microsystems 100 26.25 +0.12 IBM 100 26.25 +0.12 HP 100 26.25 +0.12 Dell 100 26.25 +0.12 <b>Industrial</b> Boeing 100 26.25 +0.12 Caterpillar 100 26.25 +0.12 Deere 100 26.25 +0.12 General Electric 100 26.25 +0.12 Honeywell 100 26.25 +0.12 IBM 100 26.25 +0.12 Intel 100 26.25 +0.12 Microsoft 100 26.25 +0.12 Oracle 100 26.25 +0.12 Sun Microsystems 100 26.25 +0.12 IBM 100 26.25 +0.12 HP 100 26.25 +0.12 Dell 100 26.25 +0.12 <b>International</b> Anglo American 100 26.25 +0.12 BHP 100 26.25 +0.12 Rio Tinto 100 26.25 +0.12 AngloGold 100 26.25 +0.12 AngloPlatinum 100 26.25 +0.12 AngloTungsten 100 26.25 +0.12 AngloZinc 100 26.25 +0.12 AngloCopper 100 26.25 +0.12 AngloNickel 100 26.25 +0.12 AngloIron 100 26.25 +0.12 AngloSteel 100 26.25 +0.12 AngloAlumina 100 26.25 +0.12 AngloFertilizer 100 26.25 +0.12 AngloEnergy 100 26.25 +0.12 AngloTelecom 100 26.25 +0.12 AngloMedia 100 26.25 +0.12 AngloRetail 100 26.25 +0.12 AngloHealthcare 100 26.25 +0.12 AngloEducation 100 26.25 +0.12 AngloTransport 100 26.25 +0.12 AngloAgriculture 100 26.25 +0.12 AngloManufacturing 100 26.25 +0.12 AngloServices 100 26.25 +0.12 AngloFinance 100 26.25 +0.12 AngloInsurance 100 26.25 +0.12 AngloReal Estate 100 26.25 +0.12 AngloUtilities 100 26.25 +0.12 AngloTelecommunications 100 26.25 +0.12 AngloMedia & Entertainment 100 26.25 +0.12 AngloRetail & Consumer Goods 100 26.25 +0.12 AngloHealthcare & Pharmaceuticals 100 26.25 +0.12 AngloEducation & Training 100 26.25 +0.12 AngloTransport & Logistics 100 26.25 +0.12 AngloAgriculture & Food 100 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+0.12 AngloFinance & Banking 100 26.25 +0.12 AngloInsurance & Risk Management 100 26.25 +0.12 AngloReal Estate &
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The NASDAQ All Share Index (NASDAQ) for 24th July 1996 is down 0.13% Day's High: 1102.8 Day's Low: 1096.64

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Compiled with the assistance of AUTIF 55

**NOTE:** Open-Ended Investment Company. Similar to a mutual fund, but with a maximum number of shares.

designed by a letter or number after the name of the fund. Different share classes are issued to reflect a different currency, charging structure or type of

conspiration paid to intermediaries. For rail routes this charge is included in the tariff price of rates. For

**Selling price:** Also called bid price. The price at

**Scheme particulars, key features and reports:** The main report, scheme particulars and key features document may be obtained from a

55 Association of Debt Traders and Investment

**Time:** The time shown alongside the first manager's/owner's name is the time of the first listing; the second listing might indicate another time in

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**● FT Cheyne Lion Tour Prices are available from the following:**

هكذا من الاصل



### Insurances, Money Markets and Other

• FT Equity Unit Trust Prices are available over the Internet. Call the FT Equity Unit Trust on 1-84 170 553 4378 for more details.

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**FT MANAGED FUNDS SERVICE**

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## FT MANAGED FUNDS SERVICE

Offshore Insurances and Other Funds


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Fund Name	NAV	Change	YTD %	12M %
Royal Sun Alliance Life Assurance Ltd	1.00	0.00	0.00	0.00
USA Association	1.00	0.00	0.00	0.00
Delta Pharmaceuticals Trust Company Ltd	1.00	0.00	0.00	0.00
Global Asset Management - Credit	1.00	0.00	0.00	0.00
Investment Emerging Markets Asset Mgmt SA	1.00	0.00	0.00	0.00
Magnum Management Limited	1.00	0.00	0.00	0.00
Prudential Capital Management Limited	1.00	0.00	0.00	0.00
Scottish Asset Management Inc	1.00	0.00	0.00	0.00
USA Association	1.00	0.00	0.00	0.00
Delta Pharmaceuticals Trust Company Ltd	1.00	0.00	0.00	0.00
Global Asset Management - Credit	1.00	0.00	0.00	0.00
Investment Emerging Markets Asset Mgmt SA	1.00	0.00	0.00	0.00
Magnum Management Limited	1.00	0.00	0.00	0.00
Prudential Capital Management Limited	1.00	0.00	0.00	0.00
Scottish Asset Management Inc	1.00	0.00	0.00	0.00

## OTHER OFFSHORE FUNDS

Fund Name	NAV	Change	YTD %	12M %
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00

Fund Name	NAV	Change	YTD %	12M %
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00

  
**Pereire Tod Limited**  
 well positioned  
 for the future  
 Institutional Equity Sales  
 France  
 Germany  
 Holland  
 UK  
 A Member of the Mirabaud Group  
 Regulated by the Securities and Futures Authority  
 Member of the London Stock Exchange

Fund Name	NAV	Change	YTD %	12M %
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00

Fund Name	NAV	Change	YTD %	12M %
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00

Fund Name	NAV	Change	YTD %	12M %
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00

Fund Name	NAV	Change	YTD %	12M %
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00

Fund Name	NAV	Change	YTD %	12M %
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
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AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00

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AXA Asset Management	1.00	0.00	0.00	0.00
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AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00
AXA Asset Management	1.00	0.00	0.00	0.00

Handwritten note: 100-100-100



## LONDON STOCK EXCHANGE

## Sell-side pressures drive Footsie below 5,900

## MARKETS REPORT

By Steve Thompson,  
UK Stock Market Editor

A mixture of the "Greenspan effect", the recent spate of profit warnings, recession fears and worries about higher domestic interest rates continued to bear down heavily on London's stock market yesterday, with all the leading indices posting substantial losses for a fourth straight session.

Dealers insisted the market would have fallen much more heavily without the cushion of exceptionally big gains across the utilities sector in the wake of the

£1.3bn bid for Wessex Water from US group Enron.

British Aerospace also did its best to stem the market's downward slide, its shares climbing over 5 per cent in the wake of news that great strides towards rationalisation in the European defence industry are being made.

London's latest slide, which saw the FTSE 100 dip below the 5,900 level, was provoked by another worrying overnight performance by Wall Street where the Dow Jones Industrial Average posted a 189-point retreat, taking it below the 9,000 mark.

There was a distinctly uneasy start for Wall Street yesterday afternoon, where an early modest

gain in the Dow was quickly erased, to be replaced by a 50-point fall shortly after London's dealers closed their trading books on a depressed week for the stock market.

The US market has been battered all week in the wake of comments made to the US Senate and House of Representatives by Alan Greenspan, chairman of the US Federal Reserve. He spoke of growing inflationary pressures arising from excessive demand and rapid expansion in the jobs market. He also said that the level of stock prices would be hard to sustain.

Those remarks were interpreted by the market as indicat-

ing that US interest rates might be increased after the next meeting of the US Federal Reserve's open market committee, scheduled for August 18.

London's dealers also took fright at predictions of significant falls to come on Wall Street and across European markets made by top-rated strategists at Morgan Stanley Dean Witter and BT Alex Brown, both of which forecast a 10 per cent retreat in European markets.

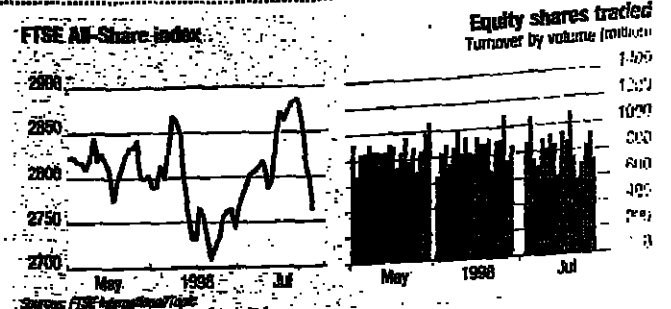
At the finish of a day of big swings but generally low stock market volumes, the FTSE 100 settled 83.9 lower at 5,892.3, extending the decline over the week to 281.7, or 4.8 per cent, and

more than wiping out the sharp gains of the previous week when the index raced up to an intraday record.

At its worst yesterday, during the customary volatile last 15 minutes of trading on the Stock Exchange's order book, the FTSE 100 dropped 104.5 to 5,871.7.

The FTSE 250 index lost 52.3 to 5,520.5, down 133.1, or 2.3 per cent over the week, while the FTSE SmallCap took an even more severe pasting, closing 30.0 or 1.2 per cent down at 2,520.0, a fall of 2.7 per cent over the five-day period.

Yesterday saw turnover reach 722m shares at the 6pm cut-off point.



Indices and ratios	Value	Change
FTSE 250	5520.5	-52.3
FTSE 350	2837.1	-37.9
FTSE All-Share	2760.92	-36.85
FTSE All-Share yield	2.84	2.81
FT 30	3799.0	-51.5
FTSE Non-Fin p/e	22.81	23.12
FTSE 100 P/E ratio	6271.0	-77.0
10 yr Gilt yield	6.03	5.98
Long gilts/yield ratio	2.08	2.05

## TRADING VOLUME IN MAJOR STOCKS

Stock	Vol	Change	Day's price change
ASDA Group	1,600	88	-74
ASDA Retail	2,300	104	+4
ASDA Retail	2,300	104	+4
ASDA Retail	2,300	104	+4
ASDA Retail	2,300	104	+4
ASDA Retail	2,300	104	+4
ASDA Retail	2,300	104	+4
ASDA Retail	2,300	104	+4
ASDA Retail	2,300	104	+4
ASDA Retail	2,300	104	+4

## EQUITY FUTURES AND OPTIONS TRADING

Contract	Open	Settle	High	Low	Est. vol	Open int.
FTSE 100 INDEX (LFFS) £10 per index point	5950.0	5911.0	5970.0	5880.0	20567	181745
FTSE 250 INDEX (LFFS) £10 per index point	5590.0	5550.0	5610.0	5500.0	30	5648
FTSE 350 INDEX (LFFS) £10 per index point	2837.1	2837.1	2837.1	2837.1	40	490

## FT 30 INDEX

Index	Value	Change
FT 30	3799.0	-51.5
FT 30	3799.0	-51.5
FT 30	3799.0	-51.5
FT 30	3799.0	-51.5
FT 30	3799.0	-51.5

## RIGHTS OFFERS

Stock	Price	Amount	Latest	Change
ASDA Group	1.00	100	1.00	0.00
ASDA Group	1.00	100	1.00	0.00
ASDA Group	1.00	100	1.00	0.00
ASDA Group	1.00	100	1.00	0.00

## FTSE Actuaries Share Indices

Produced in conjunction with the Faculty and Institute of Actuaries

Index	Value	Change
FTSE 100	5892.3	-83.9
FTSE 250	5520.5	-52.3
FTSE 350	2837.1	-37.9
FTSE All-Share	2760.92	-36.85
FTSE 100	5892.3	-83.9
FTSE 250	5520.5	-52.3
FTSE 350	2837.1	-37.9
FTSE All-Share	2760.92	-36.85

## Hourly movements

Index	Value	Change
FTSE 100	5892.3	-83.9
FTSE 250	5520.5	-52.3
FTSE 350	2837.1	-37.9
FTSE All-Share	2760.92	-36.85

## FTSE - LEADERS &amp; LAGGARDS

Stock	Value	Change
ASDA Group	1.00	0.00
ASDA Group	1.00	0.00
ASDA Group	1.00	0.00
ASDA Group	1.00	0.00
ASDA Group	1.00	0.00

## The UK Series

Produced in conjunction with the Faculty and Institute of Actuaries

Index	Value	Change
FTSE 100	5892.3	-83.9
FTSE 250	5520.5	-52.3
FTSE 350	2837.1	-37.9
FTSE All-Share	2760.92	-36.85
FTSE 100	5892.3	-83.9
FTSE 250	5520.5	-52.3
FTSE 350	2837.1	-37.9
FTSE All-Share	2760.92	-36.85

## Hourly movements

Index	Value	Change
FTSE 100	5892.3	-83.9
FTSE 250	5520.5	-52.3
FTSE 350	2837.1	-37.9
FTSE All-Share	2760.92	-36.85

## Waters make a splash

## COMPANIES REPORT

by Jeffrey Brown, Martin Brice  
and Candida Williams

Water stocks, something of a Cinderella sector this year on regulatory worries, put on a superb performance following an agreed £1.36bn takeover bid for Wessex Water.

News of the deal, a cash offer from Enron of the US, sent Wessex bounding up 94 per cent or 118.1 to 611.4p and sparked an immediate wave of speculation about further consolidation in the industry.

At the end of a busy session, Yorkshire Water had gained 46.1 to 548.4p, South West Water 81 to 1,129.9p and Anglian Water 51 to 820p. Footsie components Severn Trent and Thames Water were also marked higher, adding 25 to 1,054p and 19 to 1,139p respectively.

However, brokers were divided as to whether the Enron bid was a precursor to a wider round of corporate activity. They pointed out that most of the obvious European names already have a stake in the UK sector and would run into monopoly objections.

There were doubts too about the strength of any US challenge. "This looks a bit one-off to us," said one analyst who pointed to the fact that the US water industry is mostly made up of regional municipal companies.

The water industry's initial price outlines for the five years to 2005 will be published by the regulator in October and cuts are widely expected. Even after yesterday's bounce, the water sector still lags the FTSE all-share index this year by nearly 10 per cent.

Some analysts predict

## MAIN MOVERS

Stock	Value	Change
ASDA Group	1.00	0.00
ASDA Group	1.00	0.00
ASDA Group	1.00	0.00
ASDA Group	1.00	0.00
ASDA Group	1.00	0.00

after Dasa of Germany said it had been talking to BAE about forming a pan-European defence group. However, analysts said any such deal would be some years away.

Shares in mobile phone leaders Orange and Vodafone reversed early gains built up in the wake of strong results from Finnish telecom equipment giant, Nokia. Orange put on 10 in morning trading but ended down 6 at 667p, and Vodafone lost 10 at 828p.

Imperial Chemical Industries had another torrid session following Thursday's unexpected profits warning. Among a swathe of earnings downgrades, Merrill Lynch cut back savagely from £450m to £380m for this year and moved from "accumulate" to "neutral".

The shares ended down 43 to 737p for a two-day decline of 19.5 per cent.

Food producers provided a shelter for some investors

## RISES AND FALLS

Stock	Value	Change
ASDA Group	1.00	0.00
ASDA Group	1.00	0.00
ASDA Group	1.00	0.00
ASDA Group	1.00	0.00
ASDA Group	1.00	0.00

## NEW 52 WEEK HIGHS AND LOWS

Stock	Value	Change
ASDA Group	1.00	0.00
ASDA Group	1.00	0.00
ASDA Group	1.00	0.00
ASDA Group	1.00	0.00
ASDA Group	1.00	0.00

## LONDON RECENT ISSUES: EQUITIES

Stock	Value	Change
ASDA Group	1.00	0.00
ASDA Group	1.00	0.00
ASDA Group	1.00	0.00
ASDA Group	1.00	0.00
ASDA Group	1.00	0.00

## STOCK MARKET TRADING DATA

Stock	Value	Change
ASDA Group	1.00	0.00
ASDA Group	1.00	0.00
ASDA Group	1.00	0.00
ASDA Group	1.00	0.00
ASDA Group	1.00	0.00

FTSE INTERNATIONAL

Produced in conjunction with the Faculty and Institute of Actuaries



















## COMPANIES &amp; FINANCE

## Industrial logic adds up to confirm tell-tale signs of a transatlantic connection

Alan Cane analyses the potential for BT and AT&T to realise the ambition of becoming a one-stop global telecommunications shop

AT&T's UK staff noticed the tell-tale signs earlier this year. Michael Armstrong, the US telecommunications operator's forceful chief executive, flew discreetly into London and left without making the usual courtesy calls on the company's local offices.

British Telecommunications executives were seen checking into AT&T's residential "Learning Centre" outside London. It all suggested that relations between the two companies, glacial while they competed inside and outside the UK, were warming up.

It now seems that for several weeks the two have been in negotiations which could lead to a joint venture to serve both companies' large corporate clients.

There are compelling reasons on both sides for a such a deal. The chief purpose would be to give both companies credibility to both companies' global alliances. All the big operators have

formed global alliances to give their large, internationally based customers - which provide the lion's share of their international revenues - the benefits of seamless, one-stop shopping for all their telecoms needs. This market is estimated to be worth more than \$10bn (£6bn) a year.

In practice, none of the global alliances so far formed has lived up to the rhetoric. The difficulties of providing services across many national boundaries and many time zones have stretched their ingenuity and technical resources to the limit.

Concert, BT's global alliance with MCI of the US, started well and has more than \$1bn worth of revenues billed. But last year's takeover battle, which saw WorldCom of the US trump BT's efforts to acquire the 80 per cent of MCI which it did not own, left the UK company with a badly damaged international strategy.

It was left without a significant partner in the US where it had hoped MCI would help it break into the lucrative local phone market. Sir Peter Bonfield, BT chief executive, made clear last week that any deal in the US would have primarily to support Concert and its customers.

BT's failure to cement its deal with MCI has diminished the appeal of Concert as a partner for operators outside the US. Telefonica of Spain, which had elected to join Concert, later decided to pursue its international interests with WorldCom.

BT also lacks strength in the Asia-Pacific region. It has failed to cement a relationship with NTT, the largest Japanese operator, although it has been investing in the region - yesterday it spent \$200m on a one-third stake in Binarang, the Malaysian operator.

In Europe, however, BT is strategically well placed with partnerships and alli-



Sir Peter Bonfield: any US deal will have to support Concert and its customers

ances in each of the main countries capable of distributing Concert services. Analysts point out, however, that BT has spent comparatively little on its

European network to date and expansion will require heavy investment.

AT&T has different problems. No company is held in higher regard internation-

ally - corporate telecoms managers claim it provides the best service even in areas where it has no presence - but outside the US its strategy has seemed indeci-

sive and unfocused. Its international vehicle is WorldPartners, an alliance that links it with KDD of Japan, Singapore Telecom and the European alliance Unisource.

But compared with Concert or Global One - the alliance between Deutsche Telekom, France Telecom and Sprint of the US - WorldPartners seems ill-defined. Membership is non-exclusive and the services it offers can be replicated by the other alliances. AT&T leads the consortium but it has so far failed to impose its standards on its partners. Analysts describe it as more of a commercial pact than a structural alliance.

On the other hand, it has some of the world's leading operators as members and has good international coverage, especially in the Asia-Pacific region. Mr Armstrong, who has transformed AT&T's performance inside the US since taking over, is known to believe the loose nature of the WorldPartners alliance

does not give AT&T adequate control over the quality of service it is offering some of its most important customers.

There is strong industrial logic, therefore, for a partnership which would result in a high quality, high capacity network with global reach which would give Concert access to the US and better coverage of the Asia Pacific region. AT&T would have improved access to Europe and would be assured of better network quality.

The intricacies of such a deal are huge - AT&T is already active in Europe through Unisource, an alliance of national operators from the Netherlands, Switzerland and Sweden, while BT has commitments from the WorldCom for the non-exclusive distribution of Concert services in the US.

But the telecoms industry is rapidly learning to live with a complexity which means that companies compete, collaborate and co-exist all at the same time.

## £250m for stake in Malaysian telecoms group

By Sheila Mokhty in Kuala Lumpur and Alan Cane in London

British Telecommunications is spending about £250m to acquire a 33.3 per cent stake in Binarang, Malaysia's largest private telecoms group.

BT already holds stakes in telecoms groups in Singapore, Japan, New Zealand and India.

Binarang is owned by Usaha Tegas, a Malaysian industrial conglomerate, a Malaysian government investment fund, and MediaOne International, formerly US West, the US-based operator.

In the three years since its launch, Maxis, the Binarang mobile operator, has achieved a 22 per cent market share, while the company's broadband network is available to 70 per cent of Malaysian corporate customers.

Binarang is understood to have wanted to sell the stake to raise money amid the regional economic crisis, but found few takers in Malaysia. The country has recently raised its limit on the amount of equity foreign companies could hold in domestic telecommunications companies to 61 per cent from 49 per cent. It set a limit of five years, however, which analysts believe has depressed interest from foreign investors.

Singapore Telecommunications was reported to be interested in the Binarang stake but observers said renewed tensions between Singapore and Malaysia might have given BT the edge.

Under the terms of the deal, BT will become a strategic investor in Binarang and the Malaysian operator's customers will have access to BT's global managed network and services.

**ETBA Finance**  
ECONOMIC & FINANCIAL SERVICES S.A. (formerly GREEK EXPORTS S.A.)

**INVITATION FOR EXPRESSIONS OF INTEREST IN PURCHASING THE ASSETS OF NITROGEN FERTILISERS INDUSTRY (A.E.B.A.L.) S.A.**

ETBA FINANCE ECONOMIC & FINANCIAL SERVICES S.A. (formerly GREEK EXPORTS S.A.) established in Athens (1 Efstathiou St., 115 25, Greece) is the sole shareholder of NITROGEN FERTILISERS INDUSTRY (A.E.B.A.L.) S.A. which has been placed under special liquidation by Decision No. 1/15.1.98 of the Western Macedonia Court of Appeal and within the framework of article 48a of Law 1852/1990, as supplemented by article 14 of Law 2009/1991 and its amendments.

**INVITES**

interested parties to express their interest in purchasing the assets of NITROGEN FERTILISERS INDUSTRY (A.E.B.A.L.) S.A. by submitting within twenty (20) days from today, a written, non-binding expression of interest.

**Summary data on the company under liquidation**

NITROGEN FERTILISERS INDUSTRY (A.E.B.A.L.) S.A. is established in the municipality of Ploimias in the Prefecture of Kozani and is installed on a plot about 1,702,220 m<sup>2</sup> in area.

The factory lies about 4 km south-east of Ploimias and about 28 km. north-west of Kozani.

Nitrogen produces nitrogenous fertilizers (50% nitric acid, nitric ammonia 34-50-0; calcium nitric ammonia 28-0-0; sulphuric ammonia 21-0-0-0-0) and compound fertilizers 16-20-0, 20-10-0, 28-14-0, 24-12-0, 11-15-15, 20-10-10 etc.

**Data on the auction for the highest bidder**

- An Offering Memorandum drafted by the liquidator with a detailed description of the total assets for sale and any other supplementary information that may be useful to the prospective buyer.
- Prospective buyers, after signing a confidentiality agreement, may receive the Offering Memorandum from the office of the liquidating company. They will also have access to any other information they may request and be able to visit the premises of the company under liquidation.
- The procedure for conducting the auction for the highest bidder will be published within the legal time limits and in the same newspapers in which the present invitation has appeared.

For further information, interested parties may apply to ETBA FINANCE S.A., 1 Efstathiou St. West Constantinou Street, Athens 115 25, Greece. Tel: (011) 7250210, 7250279, 7250356 and fax: (011) 7250354 and to the company's factory in Ploimias, tel: (0345) 92241 and fax: (0345) 29922.

## THE AMSTERDAM DISTRICT COURT FILING OF THE SECOND INTERIM LIST OF DISTRIBUTIONS

The second interim list of distributions (with explanatory note) to be made out of the estate of the Bank of Credit and Commerce International S.A. of Luxembourg, which formerly maintained offices at Herengracht 493, Amsterdam, The Netherlands, and against which a winding-up order was made by the Amsterdam District Court on 15 April 1992, will be available for inspection by the creditors at no further cost at the main desk of the Amsterdam District Court, Parnassusweg 22, from 17 August 1998 upto and including 27 August 1998. The winding-up order number is 92.0156.

R.J.K. Roosingh

Registrar for the winding-up cases

## Boots poised to announce Japanese joint venture

By Paul Abrahams in Tokyo and Robert Wright in London

Boots, the British retail pharmacy chain, appears set to announce its expansion into Japan by way of a joint venture with Mitsubishi Corporation, the trading company.

Boots said last year it wished to expand into Japan but required a joint venture partner. The move is likely

to take the same form as Boots' move into Thailand, where it opened a handful of stores on an experimental basis before expanding once it was satisfied the format was correct. In the Netherlands, expansion has been stalled because Boots is concerned Dutch law requires pharmacies to be too large. Boots would not comment on the likely joint venture. However, Mitsubishi has

scheduled a press conference for Tuesday to announce a joint venture with a UK retailer strongly believed to be Boots.

Boots has taken preliminary steps towards expansion in Japan by registering products in the country, where the sale of some drug products is highly regulated. Failure to register enough products was one of the problems to hit Body Shop.

European network to date and expansion will require heavy investment.

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ally - corporate telecoms managers claim it provides the best service even in areas where it has no presence - but outside the US its strategy has seemed indeci-

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But the telecoms industry is rapidly learning to live with a complexity which means that companies compete, collaborate and co-exist all at the same time.

## Mellon confirms £170m deal

By Jane Martinson, Investment Correspondent

Mellon Bank of the US confirmed its intention to build a global fund management business yesterday with the purchase of a controlling stake in Newton, which valued the UK company at about £170m.

The proposed cash offer for 75 per cent of Newton is Newton's first purchase of a majority stake in a fund manager outside the US. It adds £12.5bn in assets to the £215bn already managed by the Pittsburgh-based group, putting it among the world's

largest fund managers. Stewart Newton, who will continue as chairman, receives £56m for his one-third stake in the privately held company he founded in 1977. He will use £12m to maintain 7.5 per cent of the company, which will also continue to use his name.

Collin Harris, Newton's chief executive, said it had decided to look for a parent because of the increasing polarisation between large global fund managers and specialist companies. He predicted further consolidation, particularly in companies with less than £20bn

under management. Mellon, which has bought several US asset management companies in recent years, is to use Newton to spearhead its expansion in Europe. Ron O'Hanley, president of Dreyfus, the group's US institutional arm said it would focus on cross-selling benefits, before pushing into Europe's retail and private capital markets.

Newton directors and about 50 employees will keep a 17.5 per cent stake in the company through a combination of shares and options. Mr O'Hanley said Newton, which was advised by Don-

aldson Lufkin and Jenrette, would "stay completely self-contained and autonomous".

Yesterday's price, at just under 1.4 per cent of assets, is lower than recent deals in the sector, including Merrill Lynch's £3.1bn takeover of Mercury Asset Management.

However, Newton has suffered relatively low profits in the past few years during a period of poor investment performance. The price is almost six times revenues of £29.5m. Royal Bank of Scotland is to sell its entire 33 per cent stake to Mellon for £56m as part of the deal.

## Wessex agrees bid from Enron

By Andrew Taylor

Enron, one of the world's largest energy groups, yesterday announced its first big move into the international water sector with a £1.36bn (\$2.24bn) agreed cash bid for Wessex Water of the UK.

The US group said it wanted to build a large global water business around Wessex, which has no international experience, supplying water or sewerage services to 2.5m people in south-west England.

Enron is bidding £80p for each Wessex share. Share-

holders will also receive a scrip dividend increasing the value of the offer by 5.4p. The total value of the deal, including debt and conversion of preference shares, is about £1.7bn.

Wessex shares rose 24 per cent to 611.4p. Share prices of other privatised UK water companies also rose sharply amid speculation that Enron's bid will prompt a new round of takeovers and rationalisation in the UK water sector.

Yorkshire Water rose 46.4p to 548.4p; Southwest Water increased 81p to £11.25p; Anglian rose 51p to 922p and

Thames Water increased 19p to £11.35p. Enron shares by contrast fell 1% to \$54.4p by midday in New York.

Kenneth Lay, Enron chairman and chief executive, said the US group intended to become a leading participant in a world water industry which generated revenues of \$300bn last year.

He said: "We think it can become as big as our gas and electricity businesses are today, very quickly." The company owns energy assets worth almost \$24bn. Enron recently announced its first water contract, in partnership with Saur of France, in

Mendoza, Argentina. Rebecca Mark, Enron vice chairman who will head the group's new water subsidiary, said at least 20-25 large cities, worldwide, were seeking companies to finance and operate water services.

Enron has been holding joint venture talks with a number of British and French water companies which it said would continue.

It did not expect the bid to be referred to the Monopolies and Mergers Commission.

Lex, Page 24

## Enron steps into global water market

Andrew Taylor on the US energy company's \$2.2bn purchase of Wessex Water

Enron of the US, one of the world's premier energy groups, is now seeking to enter the water market through a series of large oil, gas and power station deals in Asia, South America and Europe.

Wessex by contrast is a domestic water and sewerage company, privatised in 1989, with no experience of international investment and project management.

It is now expected to become the centrepiece of a new international water company competing with large established UK and French companies such as Thames Water, United Utilities, Suez Lyonnaise des Eaux and Vivendi, which dominate international water investment.

US water companies - where there are more than 60,000 municipal suppliers - have been too small to compete in international markets.

The question is whether Enron would want to be in this arena. It says it is paying the highest relative price for a UK utility since the British water, electricity and gas operators were privatised.

It also admits that there are no synergies to be gained from linking its existing UK

power interests with water assets.

The deal will be earnings enhancing in the first year but returns are likely, to come under pressure when a new British regulatory pricing regime starts in 2000.

For this reason, Thames Water and United Utilities, which runs Northwest Water, have energetically pursued overseas contracts and investments that offer greater potential rewards, but carry higher risks.

United Utilities was forced to make a £20m provision and abandon work on a Bangkok sewerage scheme after the contract ran into trouble.

Water, unlike power and telecommunications, has

been regarded as a free right in many developing countries. Supply has often been heavily subsidised, making it difficult for private operators to move to higher tariffs in order to pay for the heavy capital investment needed to improve systems and provide an adequate rate of return.

Enron says that with Wessex it will have the financial, project management and operating skills - together with the necessary government, regional and industrial contacts - to succeed in the water sector.

It remains to be seen whether it can earn sufficient returns to justify stepping beyond its traditional energy business.

### RESULTS

	Turnover (£m)	Pre-tax profit (£m)	EPS (£)	Current dividend (£)	Date of payment	Dividends corresponding dividend	Total for year	Total last year	
Monocopy 6 months to June 30	3.18	(2.73)	1.14	(0.88)	7.14	(0.6)	1.15	Aug 3	0.35
Southern Vectis 6 months to April 30	26	(25.5)	1.62	(1.77)	8.1	(6.1)	2.3	2.1	4.7
Total Office 6 months to May 31	34.5	(20.8)	1.42	(1.61)	5.31	(6.8)	1.8	0.7	4.1
Investment Trusts									
Artemis 6 months to May 31	423.8	(375.8)	2.3	(1.8)	3.6	(2.9)	8	2.8	5.5
Harlem Electric 12 months to May 31	380.1	(302.7)	4.39	(3.8)	4.86	(4.3)	2.15	Sep 25	2.1
Investment Trusts 12 months to May 31	31.2	(48.9)	0.021	(0.019)	0.02	(0.02)	2	2	3.8
Harlem Electric 12 months to May 31	77.2	(100.4)	0.007	(0.018)	0.008	(0.008)			

Figures shown basic. Dividends shown net. Figures in brackets are for corresponding period. ♦After exceptional share. ♦After exceptional credit. †On increased capital in stock. ‡Second quarterly, making 2.1p (1.77p) so far.

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. After exceptional charge. After exceptional credit. 10c increased capital. 40m stock. 20c second quarter, making 2.1p (1.77p) so far.



COMPANIES & FINANCE

JAPAN DEAL SAID TO HAVE COST ¥600bn GIVES US COMPANY FIRM FOOTHOLD IN STRONG GROWTH SECTOR

# GE Capital buys Lake consumer finance

By Green Robinson in Tokyo

GE Capital, the financial services arm of the US General Electric group, said yesterday it would acquire the consumer finance business of Lake, Japan's fifth largest consumer credit company and the largest unlisted consumer finance company.

The deal, to be concluded in early November, would mark GE Capital's full-scale entry into Japan's booming consumer finance business.

GE Capital did not disclose

the financial terms of the acquisition, although it is understood the company is likely to pay about ¥600bn (\$4.2bn) for Lake's assets, including 580 branches and ¥300bn in outstanding loans. Under the deal, GE Capital Consumer Loan Services, the group's Japanese consumer finance arm, would change its name to Lake, said Taketo Yamakawa, president of GECL.

"The new Lake organisation will benefit from GE Capital's expertise, funding

capability, excellent management ability and use of advanced technology," said Tetsuhiko Taniguchi, president of Lake.

Mr Taniguchi, who will remain Lake president under GE Capital's ownership, said the company would use the proceeds to repay bank loans taken out by its subsidiaries.

Analysts said Lake had been hit by financial problems in its subsidiaries, which had forced it to post extraordinary losses in the past few years. The losses

among Lake's affiliates were due to excessive lending in the "bubble" era of the late 1980s and some poor investments. Most of the core company's outstanding loans, however, were sound, they said.

"It looks like a very, very good purchase," said Tod Wood, non-bank finance analyst at ING Barings Securities in Tokyo.

"Lake's core lending business is solid - and for GE Capital, it is cheap," he added. "Even at ¥600bn it

would be cheap for a nationwide franchise in a market which has a 25 per cent interest rate spread, very low write-offs and strong growth potential."

Japan's consumer finance industry is one of the few areas which has shown sustained growth in the years following the collapse of the 1980s "bubble economy".

From official calculations, outstanding unsecured lending by cash-loan specialists stood at nearly ¥7,000bn in March this year. But if cash

loans by credit card companies and other forms of consumer credit are taken into account, the figure is closer to ¥16,000bn - and growing fast, according to Mr Wood. He predicts unsecured lending will grow by 10 per cent annually for the next five years.

In April, Lake became Japan's first consumer credit company to establish an automated telephone network, enabling loan applications 24 hours a day throughout Japan.

## Brazil holds its breath as the big private call comes through

The sale of Telebras, unequalled in Latin America, will be a landmark for President Cardoso's government, writes Geoff Dyer

There will be 1,200 businessmen, 300 journalists, 2,000 police and any number of demonstrators. They will convene at 10am and, if all goes to plan, go their separate ways five-and-a-half hours later.

The final preparations were put in place on Sunday at the Rio de Janeiro stock exchange for the privatisation of Telebras, Brazil's state-controlled telecommunications group, which is due to take place on July 29.

With a minimum price of R\$13.47bn (US\$1.6bn), the auction will easily be the largest privatisation yet in Latin America. Indeed, it will be one of the biggest and most ambitious privatisations ever attempted.

The sale will also be a landmark for the government of Fernando Henrique Cardoso, Brazil's president, which has made privatisation of Telebras the key to its reform agenda.

For international telecoms companies, the auction is a one-off opportunity to buy a large slice of the market in Latin America's biggest economy. "This is the last great telecoms privatisation in the region," says Stefan Herz, analyst at Dresner Kleinwort Benson in New York.

On sale in the closed-bid

### The big Brazilian exchange

Emerging market distances

Country	Population (m)	GDP per capita (\$)	Fixed lines (m)
Brazil	150	5000	15.4
Tele North East	85.5	3000	4.6
Tele North South	85.5	3000	4.6
Tele Central South	37.9	5200	3.2
Tele Central North	37.9	5200	3.2

### Cellular

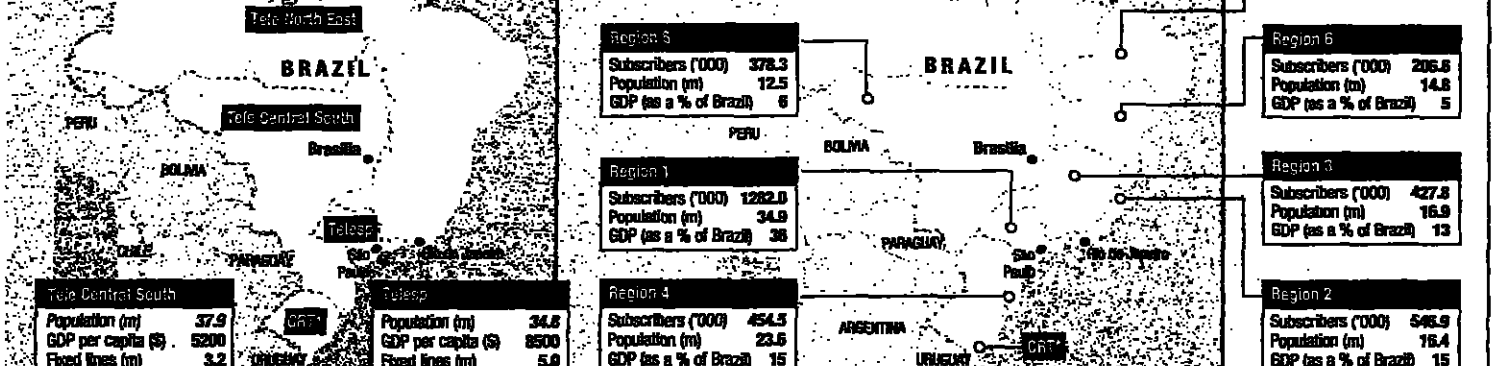
Subscribers (000)

Region	Subscribers (000)	Population (m)	GDP per capita (\$)
Region 1	207.4	15.3	2
Region 2	465.0	26.1	7
Region 3	378.3	12.5	6
Region 4	454.3	22.6	15
Region 5	427.3	16.9	13
Region 6	546.9	16.4	15

### Regional

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Source: Telebras, 1997 Census, 1997 Census

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# COMPANIES FT MARKETS

Weekend July 25/July 26 1998

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## Bae raises stakes on unified defence group

By Alexander Nicoll in London and David Owen in Paris

British Aerospace is insisting the French government reduce its holding in Aerospatiale by more than has already been proposed this week before the French company can take part in forming a unified European aircraft and defence group.

John Weston, Bae chief executive, said yesterday: "While we are very encouraged by the French government's move, there remains much to be done for the creation of a European aerospace and defence company over which, as governments have agreed, governments should not have any direct influence."

The unified company would bring together Bae, Aerospatiale and Daimler-Benz Aerospace (Dasa) of Germany. Dasa is understood to hold similar views although it also welcomed France's decision.

The view in Britain and Ger-

many is that France's plan to retain 46 to 48 per cent in a restructured Aerospatiale will still give it an important influence over the company.

The French plan to merge Aerospatiale with private sector Lagardere, which will have 30-33 per cent of the new grouping, with up to 20 per cent to be floated.

The British government gave the French announcement a similarly cautious welcome. John Battle, industry minister, said: "What potential commercial partners outside France will need to be convinced of, I am sure, is that this announcement does not mean that Aerospatiale's business will now become truly independent commercial enterprises, with all the market dynamics that involves."

Bae, Dasa and Aerospatiale agreed earlier this year that their merger, which is intended to create a group big

enough to rival Boeing and Lockheed Martin of the US, would be on a "come-as-you-are" basis, with adjustments to its industrial structure to be made later.

But the suspicion in Britain and Germany is that this week's announcement could be a delaying tactic while France strengthens its own industry.

The French government has also said it wants the new French group to add to its stake in Dassault Aviation, maker of the Mirage and Rafale fighters.

Yesterday, pressure was mounting on Serge Dassault to integrate his family's 49.9 per cent stake in Dassault into the group. Aerospatiale currently holds a 46 per cent stake in Dassault Aviation.

Separately, Thomson-CSF, the French defence electronics group, is to appoint Lord Freeman, a former UK defence procurement minister, to its board effective from January 1.

## Bull shares drop 18% after first-half \$58m loss

By David Owen in Paris

Shares in Groupe Bull fell to their session limit in Paris yesterday as investors reacted to news that the French computer company had fallen back into loss in the first half.

The shares closed down FF16.15, or 18.7 per cent, at FF70.30, with only deals at that price or above being matched by the stock exchange system.

The slide followed the group's announcement of a net first-half loss of FF353m (\$58.7m) against net profit of FF44m in 1997, which had been its first net profit in the first half for nine years.

The selling suggested renewed doubts over the turnaround that appeared to have been engineered in recent years at a company whose obituary has been written many times. Between 1989 and 1994, it racked up accumulated losses of FF2.9bn.

The fall also reflected the relatively small number of shares available to investors. NEC of Japan, Motorola of the US and France Telecom each hold about 18 per cent of the shares.

Analysts were expecting a further drop in the share price on Monday.

The poor result was also due in part to the absence of exceptional profits that represented more than FF250m in the first half last year.

One analyst said: "They have brought forward a lot of costs and are moving a lot of people from hardware to systems integration. Potentially that is quite good news."

Operating income fell from FF196m to FF104m. The company attributed the difference to increased research and development and marketing investment in software and smart cards as well as an erosion in gross margins at its customer service division.

The group said the second half traditionally made the biggest contribution to annual results due to a higher volume of business. It was maintaining its objective of revenue growth at least equal to that achieved in 1997 and of year-on-year progress in operating income.

## THE LEX COLUMN

### No ordinary challenge

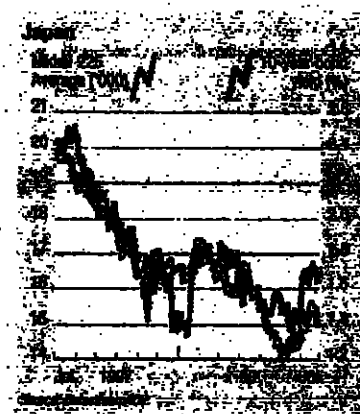
Keizo Obuchi, Japan's prime minister in waiting, has already been roundly damned with the Mr Ordinary tag. Hardy inspiring credentials. But the truth is that no LDP candidate offered both charisma and clout. In contrast with his predecessor, Ryutaro Hashimoto, Mr Obuchi has clout, but lacks charisma. Arguably, it is the preferable combination.

After all, Japan's problems are well known. The challenge is to do something about them, and this is where an LDP power-base helps. Whoever became prime minister was going to be faced with the same inglorious act: pressing ahead with bank restructuring, revitalising the economy and pursuing long-term deregulation. Alone, any of these aims might be manageable. Together, they represent a formidable cocktail.

Weeding out weak banks and companies will have a deflationary impact, hardly what is needed to get up the economy.

The trick for Mr Obuchi will be to take the tough medicine without imperilling recovery. This will not be easy. Political backsliding will be a temptation, and there is a concern that Japan lacks the technical capability to deal with the banks.

Still, while tough times lie ahead, excessive gloom is misplaced. In contrast with a year ago, the need to deal with the banking and economic problems is now widely accepted. Significant funds are already on the table to do so. The risk is that implementation will prove disappointing. But there is enough pressure both from outside and within to be confident that it will not simply be business as usual in Tokyo. With the general budget deficit set to slip to as much as 9.4 per cent of GDP in 1999, the outlook for bonds remains poor. But if Mr Obuchi does a half decent job, investors will not want to be short of equities or the yen.



And Enron has no synergies to throw into the pot to justify the price. Not only that: it has made its move just three months before the water regulator embarks on his toughest review yet. His document in October will give the market an indication of the severity of one-off price cuts for 2000-01 and Wessex is expected to be hit hard.

Forget the numbers, feel the vision is Enron's response. Wessex has a reputation for efficiency, and Enron hopes this will spearhead its advance into the world market for water projects. It reckons there will be 20 privatisations this year and competition for them is limited. If the market does indeed open up this quickly, Enron may well make headway. After all, it has been in the forefront of other deregulating markets. But water is arguably more complicated, with a host of environmental constraints and a legacy of underground assets to upgrade. This may not stop a wannabe Enron snapping up another small water company, such as Yorkshire Water. But a stampede into the sector is unlikely despite the market's excitement.

### Enron/Wessex Water

The best thing about being an investor in a UK utility has been the generosity of US bidders. But Enron outdid them all in its largest yesterday - so much so that it is hard to see how it makes the deal stack up. Enron is paying a 50 to 60 per cent premium to the regulated asset base. The chunky cash-flow multiple is also a first - 9.3 times historic earnings before depreciation, interest and tax, compared with an average of between six and eight times for most electricity and water deals.

### Rover

Does Rover have a productivity problem? Labour productivity at the UK automotive group will rise following this week's 1,500 job cuts - so long as output is maintained. But that is hardly the solution. Gordon Brown, the chancellor, can want as he rails against unproductive manufacturers. Copycat action would mean that Britain would replace its productivity problem with an unemployment one. Nor does the main explanation for Britain's low labour productivity - inadequate investment - obviously apply. BMW has

## Nokia profits up 73% on US and Chinese sales

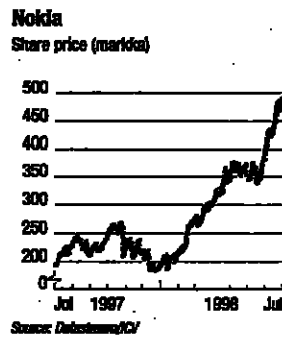
By Tim Bart in Stockholm

Nokia, one of the world's biggest makers of mobile phones, yesterday reported a 73 per cent increase in second-quarter profits on the back of rising US and Chinese sales of digital handsets.

The Finnish group - engaged in a battle with Motorola of the US and Ericsson of Sweden for leadership of the mobile telecommunications market - saw pre-tax profits jump to FM3.25bn (\$598m) in the three months to June 30, from FM1.88bn last time. Sales rose more than 40 per cent to FM18.4bn.

Jorma Ollila, chief executive, said the better-than-expected sales growth had offset pricing pressures in the second quarter. "Price erosion has been slower than in previous years, mainly because of the tremendous consumer demand," he added.

The company said the global number of GSM (Global System for Mobile telephones) users - estimated at 100m - was rising by 4m a month and



could reach 600m by the end of 2001. Industry analysts say such trends should help Nokia lift global market share from 21 per cent to 25 per cent.

In the second quarter, Nokia's operating margins increased from 14.6 per cent in 1997 to 18.1 per cent, as it exploited demand for new-generation digital phones.

Nokia, which launched more than 30 products last year, said it planned to introduce the world's smallest GSM phone in the third quarter.

Demand for such products helped lift Nokia's most traded

A shares by FM15 to FM485 in Helsinki yesterday, and underpinned share gains in other mobile phone companies. Ericsson, due to report second-quarter figures next week, saw its shares rise SKr2 to SKr268.50 in Stockholm, while UK operators Vodafone Group and Orange posted modest gains in London.

Ericsson, Nokia's main European rival, is likely to announce pre-tax profits up from SKr4.08bn (\$515m) to almost SKr5bn on Monday.

Like Nokia, analysts expect Ericsson to show the benefits of sharply increased sales to China, the world's fastest growing market for mobile phones and GSM networks.

In the six months to June 30, group revenues rose from FM24.4bn to FM33.3bn, while pre-tax profits increased to FM5.55bn from FM3.39bn last time.

Earnings per share in the second quarter rose from FM2.35 to FM3.82, and analysts increased full-year profit forecasts from FM11.5bn-FM11.8bn to more than FM12bn, against FM8.37bn for 1997.

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### Markets Latest

FTSE 100	5,893.5	(-85.0)
FTSE 1000	2,795	(-4.83)
FTSE 250	1,204.27	(-1.37)
FTSE All-Share	2,768.52	(-17.38)
Nikkei	16,361.89	(-151.9)
Dow Jones Ind. Ave	8,888.18	(-1.08)
S & P Composite	1,137.79	(-1.08)
IN LONDON MONEY		
3-mo Treasury	7.74	(same)
Libor 6m	5.75	(same)
IN US BOND YIELD		
3-m Treasury	5.75	(same)
10-year Treasury	5.75	(same)
20-year Treasury	5.75	(same)
IN US STOCK MARKET		
Dow Jones	8,888.18	(-151.9)
S & P 500	1,137.79	(-1.08)
IN EUROPEAN STOCK MARKET		
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Dow Jones Ind. Ave	8,888.18	(-1.08)
S & P Composite	1,137.79	(-1.08)

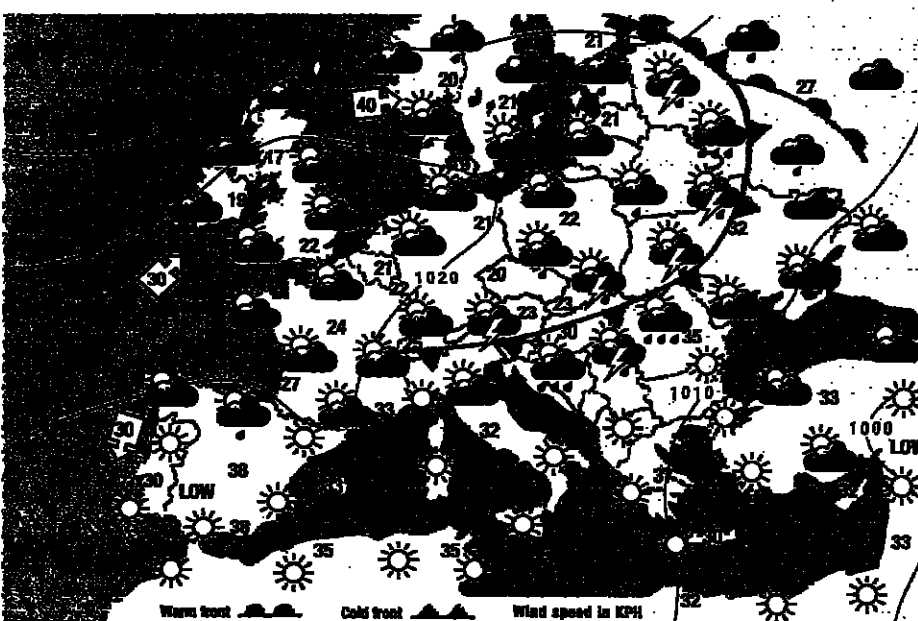
### Weather

#### Europe today

Scandinavia will have sunny spells and showers, with thunderstorms over southern Finland. Heavy showers and thunderstorms will move into western Russia, south-east Europe and the Balkans. The Alps will have thundery showers, while western regions will have scattered showers. The rest of central and western Europe will be dry with some sunshine. Northern Spain may have showers but the rest of the Iberian peninsula and the Mediterranean will be sunny and hot.

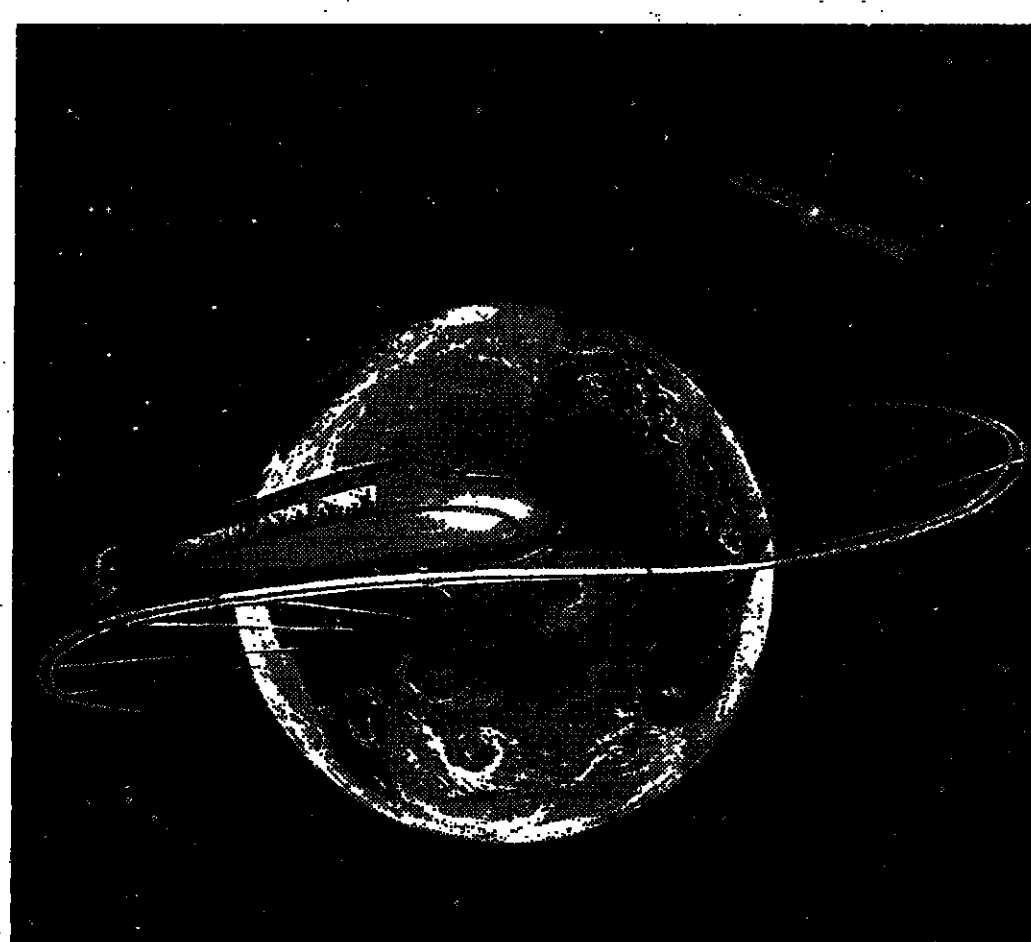
#### Five-day forecast

Eastern and south-eastern Europe will stay unsettled with thundery showers, and it will become cooler. Thundery showers around the Alps will clear to leave most regions dry with some sunshine, and the Mediterranean will stay hot. Northern Europe will stay unsettled with some rain.



#### TODAY'S TEMPERATURES

Madrid	30	Barcelona	30	Paris	24
London	22	Rome	28	Amsterdam	21
Brussels	21	Frankfurt	22	Berlin	21
Cologne	21	Munich	22	Vienna	21
Zurich	21	Stockholm	21	Helsinki	21
Tampere	21	Oslo	21	Reykjavik	21
Norwich	21	Cardiff	21	Belfast	21
London	21	Edinburgh	21	Glasgow	21
Manchester	21	Liverpool	21	Newcastle	21
Sheffield	21	Nottingham	21	Leeds	21
Sheff Hallam	21	Sheff Wed	21	Sheff Friar	21
Sheff Hallam	21	Sheff Wed	21	Sheff Friar	21



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Couture clientèle

'Gaultier has honed to perfection his traditional tailoring shapes and added a large dose of a very un-French wit'



Green Galicia

'Here can be found wines that enliven food, are delicious on their own and cost a fraction of white burgundy'



Picasso's presents

'Dora Maar's collection, none of which has been exhibited, has an extremely conservative estimate of £15m'

# Where lies the truth?

The media seem unable to distinguish fact from fiction. Christian Tyler tries to discover why reality is being abused

Comment is free but facts are sacred, wrote C.P. Scott, editor of the Manchester Guardian, in 1925. 'Neither in what [the newspaper] gives, nor in what it does not give, nor in the mode of presentation, must the unclouded face of truth suffer wrong.'

Scott's famous dictum, as much a boast as a warning, was the proud standard of a British press which in his day regarded itself as a model for the free world. Today, it is the US that carries that banner, priding itself on the accuracy and discipline of its journalism. So a recent series of goofs and fabrications, followed by red faces, apologies and sackings, has left people asking, in the words of The Washington Post's media correspondent: 'What in tarnation is going on?'

Earlier this month, the television news channel CNN retracted a story that US troops had used nerve gas to kill American defectors during the Vietnam war. Two producers were sacked and a third resigned. The Cincinnati Enquirer apologised for an attack on the business methods of a company called Chiquita Brands International, saying its stories were untrue and based on stolen telephone

More alarming, perhaps, is the current fashion for... well, simply making it up

recordings. It fired a reporter and offered \$10m in settlement.

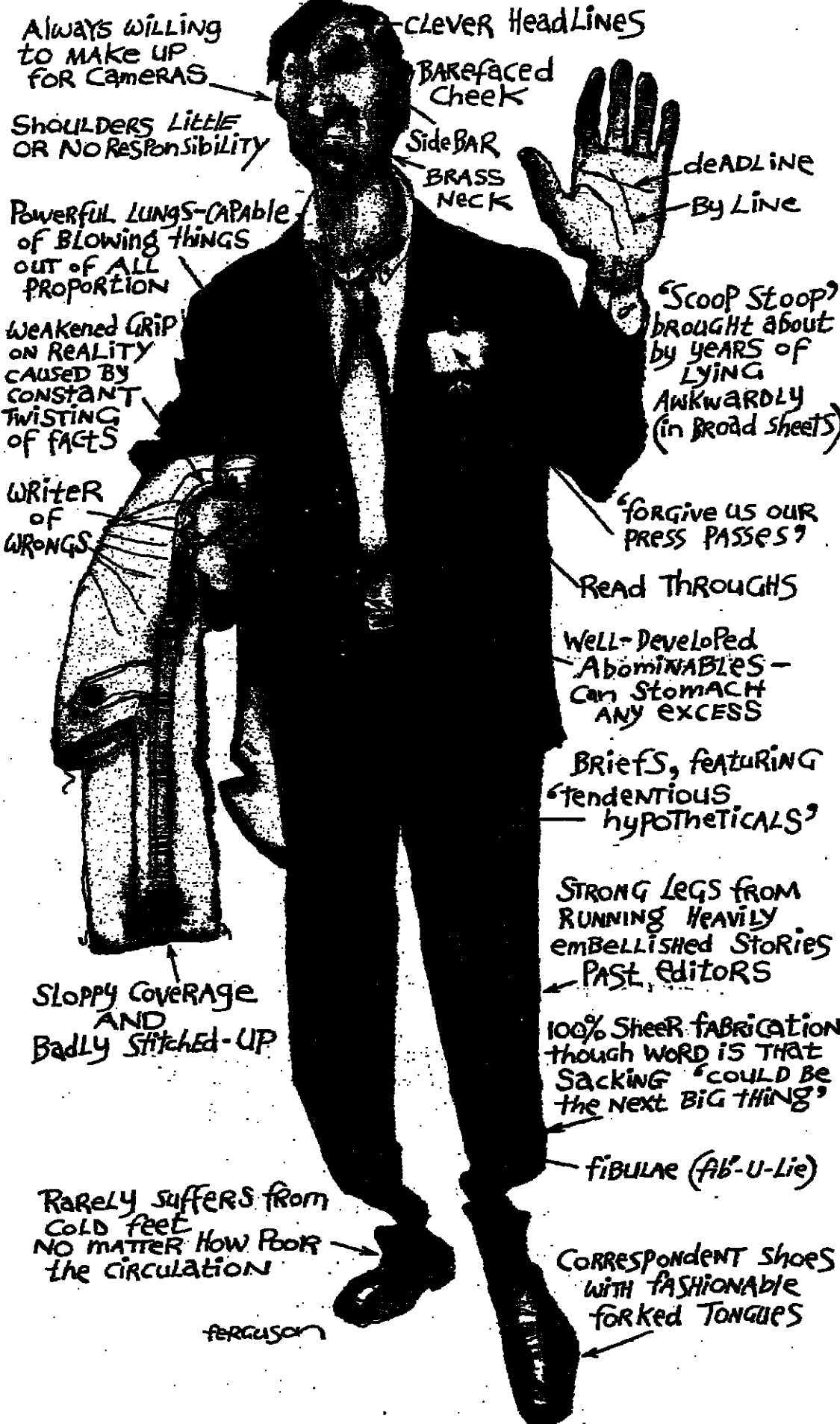
In the first case, according to the investigating lawyer, the evidence simply did not justify the conclusion. But in both it seems that - to put it no lower - enthusiasm got the better of professional judgment.

Big mistakes are nothing new. Twenty years ago the Daily Mail ran a British Leyland 'slush fund' story based on a forged letter. But mistakes are one thing. More alarming, perhaps, is the fashion for... well, simply making it up.

Last month, Stephen Glass, a young writer for New Republic, was sacked after investigation showed that 27 of his 41 articles for the US magazine contained fabrications. The Boston Globe sacked a star columnist for making up characters and quotations in four pieces; the fact that she was black added a political twist. In 1980, a woman reporter on The Washington Post won a Pulitzer Prize for a heart-wrenching but concocted story about an eight-year-old heroin addict.

In the UK, Carlton Television has been accused of showing a simulated interview with Fidel Castro and a documentary on drug-running in which scenes were 'reconstructed', or faked.

It looks as if people who ought to know better are losing their grip on reality. Is this another symptom of an age which has lost faith in



city, London. The Anglo-American media are increasingly controlled by people with no journalistic experience, he continued. They arrived with management degrees and commercial objectives.

The US incidents could be explained as individuals rebelling against the stringent controls - the use of 'fact-checkers', for example - introduced to guard against hoaxes and avoid lawsuits. 'But in the UK I think there is a real problem. The change of ethos has made it easier for journalists to lower their standards.'

Harold Evans, the former Sunday Times editor who knows the score on both sides of the Atlantic, told an audience at his alma mater Durham University last month that the famously free American press was declining - most of it - into a 'confusion of news, entertainment, fact and fiction'. Television delivered little news but a lot of emotion and 'tendentious hypotheticals'.

Facts are sacred but they are also expensive. Formerly, newspaper proprietors sought influence before profits. In the UK, Lord Beaverbrook was satisfied with a 3 per cent return on his investment in the Daily Express. When businessmen took over in Fleet Street, they wanted a minimum 17 per cent. Journalists proved to be expensive (and not only because of generous expense allowances) and their numbers were duly cut.

The Daily Mirror has a third of the editorial staff it had 12 years ago. Work was put out to freelancers or sub-contractors. Space once allotted to news, or analysis of it by reporters, was given over to speculation by commentators who had been nowhere near the story.

Television networks stopped sending their own reporters to cover news. Programme-making was put out to independent companies over whose integrity the networks have little control. There is a tendency to publish rumour and suspend editorial judgment, as in the case of the recent 'investigation' by Fulcrum Productions for Granada into the death of Diana, Princess of Wales, which gave prominence to a barely substantiated murder theory.

On both sides of the Atlantic, there has been over-reliance on remote sources. Shocking tales which provide the raw material for acres of comment, such as the recent story of a schoolyard rape, too often turn out to be violations of the truth.

Meanwhile, the internet, which was supposed to create a more open information market, has been a mixed blessing. Its rumours are often reported as adjuncts to news stories; a former White House press secretary, Pierre Salinger, was seduced by a malicious internet hoax claiming that the TWA jetliner which crashed near Long Island in 1996 was brought down by a wayward US navy missile.

The trend to malevolent invention was confirmed by Geoffrey Goodman, a former assistant editor of the Daily Mirror, who now edits the British Journalism Review. 'There's more truth in Dickens or in War and Peace than in most of the stuff in the newspapers today,' he

says. The speed and reach of transmission, the instant global impact of stories, had created 'a kind of hyper-reality'. Radio and television were setting the agenda for newspapers in a way they never used to do, and the media were feeding on each other. 'So we have creative journalism, like creative accounting.'

Journalism has become a glamour business, most of whose aspirants have never been trained how to get, check and write stories. They will work for little or nothing, like Victorian apprentices, in order to get a foot on the golden ladder because, if pay is low at the bottom, the rewards at the

top have ballooned in terms of both cash and exposure. Like sport, management, book publishing and opera singing, journalism has become what the American economist Robert H. Frank calls a 'winner-take-all' market. Journalists can become celebrities almost as quickly as the celebrities they help to create, and see their own picture splashed across the papers. In some interviews, it is hard to tell who is interviewing whom.

There are those who blame the cultural climate for blurring the line between fact and fancy, for making reporters write like novelists, for replacing the documentary with the 'docu-soap'. We should expect nothing else, they say, when

style comes before substance, spin doctors control political information, lobbyists and public relations people are pumping out tailor-made stories to lazy or harassed reporters. The enemy is no longer the military-industrial complex, according to a recent New Yorker article, but the 'media-spindustrial complex'.

It is tempting, also, to see a malign influence in the growth of 'media studies'. Students in this branch of sociology are being encouraged, against a background of postmodern relativism, to regard truth as irredeemably subjective and variable. This attitude, says Greg Philo, research director of the long-established Glasgow University media unit, is bound to spill out into the world.

Philo thinks many television documentary-makers and journalists have given up on the literal truth. 'They don't even try to pretend that it matters,' he says. Cleverness and ambition now rank higher than integrity, according to Ian Hargreaves, a former editor of The Independent, who is about to become professor of journalism at Cardiff University. 'Irony is the dominant tone of the times.' (And, as old hacks used to say, there is no typeface called ironic.)

Howard Kurtz, The Washington Post writer who asked what in tarnation was going on, has come to his own conclusion. Referring to the recent string of mishaps, he says: 'I don't think it's an accident. What all these things have in common is that editors and executives missed the red flag and failed to ask questions.' And why was that? 'It's a combination of hunger for sensational headlines, misplaced trust and the hyper-competitive world of the media these days.'

He adds: 'It makes Fleet Street look tame by comparison.'

## Contents and columnists

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Joe Rogaly  
Memory politics

'Many of us sympathise with the nostalgic tendency, even if we do not swallow it all'

## NEXT WEEK Fear and emotion

'You might think that spotting a con man is a different process from running away from a threat'

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TRUNKS AND COATS

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PERSPECTIVES

The Nature of Things

# A fish called wander

Like holidaymakers, the migration of fish can be revealing, writes Andrew Derrington

For the next few weeks airport departure lounges in the UK will be crisscrossed with Britons in their millions flocking to foreign beaches in search of sunshine, exotic food and sex. This migration from northern European cities to southern European beaches, and increasingly to more exciting long-haul destinations, seems completely unnatural, dependent as it is on the availability of affordable air travel.

This is not entirely so. In the natural world, many species embark on migrations that are at least as long, and that have similar goals - feeding and breeding. Songbirds that winter in Africa fly north to breed and feed in British fields and gardens in the summer. The salmon that spawn in British rivers are on a long-haul trek from Greenland. Migrations are a central part of the life-cycle of many species.

Tracking population movements and understanding

the part they play in the life-cycle is particularly important for planning conservation measures. This is especially so for species that are exploited economically, such as fish. Scientists are developing increasingly ingenious ways of following their movements.

Fish that take long-haul holidays, like the salmon which travel from Greenland to the UK to spawn, are almost as easy to track as British holidaymakers en route to the Costa del Sol. Just as you can count the people queuing in the departure lounges, scientists can log the numbers of salmon running up waterfalls and weirs. By marking a few caught salmon with tags, releasing them and seeing where the marked fish turn up, they can be tracked through their journey.

Large fish and animals can be made to carry more sophisticated devices that allow their movements to be followed in detail, transmitters that allow them to be

tracked, or data recorders that record their position from satellite signals. But these devices are too heavy for small fish, such as plaice in the North Sea, whose migratory movements are also too complex - involving several different feeding and breeding grounds - to follow with simple marker tags.

The solution adopted by Julian Metcalfe and colleagues at the Centre for Environment Fisheries and Aquaculture Science at Lowestoft on the North Sea coast, is to use a lightweight electronic data storage tag that keeps a continuous record of water depth and

temperature from the time the tagged plaice is released until it is caught. The movements of plaice marked with these tags can be reconstructed from the sequence of depth changes.

The reconstruction is possible because plaice use the tides, which flow up to 10 times as fast as the fish can swim, to migrate. They sit on the sea bottom until the tide is flowing the way they want to move and then they rise into its stream. By combining the timing of the depth changes with detailed data on local tide flows Metcalfe can work out how far a fish has moved.

Occasionally the fish will sit on the bottom for 12 hours or more, in which case the tag's depth records give an exact replay of the tide cycle at the current position of the fish. The timing of the tides varies with location, so these stopovers allow an occasional position check. The tag's temperature record can be compared with records of sea surface tempera-

ture to give further position checks. A final check comes when the plaice is caught.

The reconstruction depends on detailed data about tides and sea temperature only available in some sea areas. New tags are being developed that are smaller, lighter and cheaper, and record light level as well as temperature and depth. Knowledge of light levels makes it possible to calculate latitude from the day length, and longitude, from the timing of the local noon. These new tags can be used to study longer journeys.

Metcalfe stresses that the knowledge of fish movements has to be combined with a detailed understanding of fish biology to determine whether populations are viable and how best to protect them. "It is difficult to predict whether a population is viable from the numbers alone," he says.

A female plaice lays hundreds of thousands of eggs in a season and only a few survive to breeding age - three

or four years in the case of plaice. A tiny change in the survival of young fish can make a huge difference to population numbers, Metcalfe says.

A great deal of work remains to be done to understand the different overlapping populations of fish in our coastal waters. Reconstructing the journeys of fish

from data tags shows them to be much larger and more complex than could be deduced from marker tags alone.

One female plaice was caught 80km from where she had been released, having travelled north from Lowestoft to a spawning ground off Flamborough head in Yorkshire. However, the reconstruction of her journey showed that she had travelled over 800km and had also visited another spawning ground off the Sussex coast. Clearly, fish are as capable as humans of taking clandestine dirty weekends in Brighton.

The author is professor of psychology at the University of Nottingham.



## Minding Your Own Business

# The relief of swapping war-zones

Trackmark flies aid into Sudan. Michaela Wrong reports

Of all the explanations for setting up one's own business, few can equal that given by Heather Stewart, founder of the Trackmark air charter company.

"I'd been shot up flying miraa into Somalia," she explains. Miraa is a shrub grown on Kenya's mountain slopes and chewed by Somalia's gunmen to produce an aggression-fuelled buzz.

"A gunfight broke out after I landed and the technicals [armed trucks] were racing up and down the airstrip with the drivers high on miraa. The Somali bodyguards were shouting 'Go, go, go'. I managed to take off, although I'd taken six bullets in my left engine and a shell had gone through the cabin roof just behind my head."

At the time, in 1988, says Stewart, the incident didn't bother her particularly. But when her employers patched up the aircraft and asked her to resume the notoriously hair-raising run into a war-zone, she found her legs trembling.

It was time for something safer, she decided. By Stewart's idiosyncratic standards, that meant flying food, missionaries and medicines into rebel-held Sudan. And so began Trackmark, the only air charter company today with a base in Lokichokio,



Heather Stewart: 'The first time I went in a light aircraft I thought - Ah! This is what I want to do!'

headquarters of the international aid operation set up to avert famine in Sudan, and the only Kenyan company of its kind run by a woman.

When Stewart set up Trackmark a year later, Lokichokio was little more than a refuelling stop in the plains of northern Kenya. Her only assets were the ability to keep cool in a crisis, a commercial flying licence and one sub-leased light aircraft.

Today, Operation Lifeline Sudan embraces 32 agencies which send thousands of tonnes of supplies across the nearby border each year. Lokichokio is an international village of 250 inhabitants and Stewart has a fleet of 14 aircraft and 90 employees. She also owns one of the most comfortable planes in Lokichokio to stay: a 7½-acre site dotted with tented huts, boasting a swimming pool, CNN television channel and an enviable cuisine.

Achieving this was the last thing on Stewart's mind when she left home. At 58, she belongs to a generation that came to live feminism without first articulating it. "I thought I was going to get married and have children. It never occurred to me I would one day have my own business. I was never competitive," she says with evident bemusement.

She grew up in Nigeria as the daughter of a mining engineer

and married a British army officer at 18. Petite, shy and still strikingly beautiful, her pronunciation bears the traces of a finishing school education presumably never intended to prepare a girl for a career as a bush pilot.

An abiding love of Africa and a near-obsession with flying that blossomed the first time she rose above the clouds in a small aircraft decreed otherwise.

"You know that feeling of there being something missing in your life and you don't know what it is? I was 24, had been married, had four children, but it hadn't worked out. The first time I went in a light aircraft I thought - Ah! This is what I want to do."

Subsequent years were spent qualifying for a commercial licence to become one of only two women pilots working in Kenya. Then she flew for AMREF, the

African flying doctors' service, helped by providing the loans she needed to buy her first aircraft, a sum she returned in the space of 18 months with a mixture of repayments and free flights. Profits have been steadily ploughed back into the camp and air charter company, the yearly turnover of which is now \$8m-£10m. Customers include the United Nations High Commissioner for Refugees, European Union, World Food Programme and other organisations. Trackmark also flies into Somalia for the UN and has an aircraft based in the former Zaire.

While preferable to the miraa trade, Sudan still provides its fair share of adventures. Pilots have been taken hostage by warring factions. Aircraft operating in rebel-held areas can be targets for Khartoum's bombers. Air

strips get waterlogged during the rains or have to be physically hacked into existence from scrubland. Once, she was stranded for four days when a wheel broke, and had to be rescued by helicopter.

But the sense of doing something vital compensates for such ordeals. "I'm dedicated to air and relief work. Tourism just doesn't interest me. This is something no one else is doing full-time."

If at the outset it was possible to charge higher rates for flying into a war-zone, growing competition on the Sudan route from charter companies based in Nairobi has narrowed margins.

"Where you make money is on sheer distance. On normal days we'll be flying between six and nine hours. If you were taking tourists to a game park, it would only be one to two hours."

There have been approaches from potential business partners, including a South African air charter company. But Stewart does not like the idea of becoming answerable to an outsider. Trackmark remains something of a family affair: the camp was built by a son, a son-in-law is a pilot and a daughter is operations manager in Nairobi.

With 15,500 flying hours under her belt, Stewart's aim is to ease the punishing personal routine of a pilot - characterised by Sam wake-up calls - while staying out of the office she hates. "In 10 years' time, I'd like to fly four hours a day not eight. And, of course, I'd like to keep buying aircraft. You can never stand still, or you get overtaken."

Not everyone's idea of a comfortable retirement - but then, Heather Stewart is not everyone.

## CROSSWORD

No. 9,743 Set by DINMUTZ

The prize of a matching set of finely engraved personalised notepaper, envelopes and correspondence cards on Ebru Kid Finish Paper from Crane & Co will be awarded for the first three correct solutions opened. Solutions by Wednesday August 5, marked Crossword 9,743 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 1NL. Solution on Saturday August 8.

WINNERS 8,731: A. Birchall, Oxford; R. Shearer, Eastbourne, E. Sussex; R. Stainer, London EC2.

Crossword sponsored by:

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SINCE 1801

ACROSS

- One who regularly attends the National (3)
- A maths problem that affects the airways (6)
- Fluid loss? The wise man will swallow something prescribed by doctor (8)
- A lover extremely ardent (6)
- Hiding obsession about spots on skin (9)
- Command of a military force (5)
- He entirely without a craving (4)
- Beast sure to shuffle after scrap (7)
- Laundry-bay? (3,4)
- Not passionate, being a hundred years of age (4)
- Bronte's Jane holds one in inaccessible place (5)
- Sea-loung evolving? It has no channel (4,5)
- Couple on motorway reversing? Harm results (6)
- Lawrence's outside jumper? (3)
- Out of Spanish wine in volume (6)
- Edict about a second cut-back (8)

DOWN

- Firm split pea made tender in Spain (5)
- Fliers here show an old way over track (6)
- Roots as sea-birds? (5)
- National side on the ball in America (7)
- Go easy with a grand? (4,5)
- Ceremonial to create ornamentation of arch keystones (9)
- Nurse may treat dilated blood-vessel (8)
- Giant, therefore, is over-awaken (4)
- One given heavy parts of a red giant, exploding (9)
- Put out on table, see their damage? (8)
- Last month, engineers seem on mine which is tumble-down (8)
- Fell? Inform go to hospital (6)
- Falls, half-dead, to Roman conspirator (7)
- Coyne senses fresh air (6)
- Clear off and live away (5)
- Smoke inside, tragically, on the way back (6)

Solution 9,742

Solution 9,731

## BRIDGE

The declarer extricated himself from a seemingly hopeless position to land his game contract on the first deal of a high stake rubber.

When the obvious finesse offered no chance, he creatively invented a new one which gave him a realistic shot.

N

♠ Q874

♥ J62

♦ A J 10

♣ K 64

W

♠ 52

♥ Q9754

♦ 532

♣ Q85

E

♠ 93

♥ A K 10

♦ K 84

♣ 10732

S

♠ A K J 10 6

♥ 83

♦ Q75

♣ A J 9

Dealer: E Love All

North East South West

SS NE 4S

West led 5♥, won by East's K♥. East continued with A♥ and then 10♥, which declarer ruffed. He drew trumps and then took the diamond finesse. East winning immediately with K♦, and returning another diamond. All seems to rest on the success of the club finesse. However, a quick count of the points

## CHESS

Nigel Short and Matthew Sadler will be firm favourites for the Smith & Williamson British Chess Championship at Torquay next week in the likely absence of world No 4 Michael Adams. Adams believes that too many games against weaker opponents could jeopardise his ranking, as last year when he shared the British title but lost rating points.

Short, competing for the first time since he won in 1987, has had some fine results recently and gives the impression that Adams' successes have spurred him to try to rediscover the form which earned him a world title match with Garry Kasparov. Sadler, at 24 the youngest of the trio, has built a reputation through his impressive team performances for England and his creative ability to find new opening ideas.

Britain's other leading players Speelman, Miles and Hebden are in or close to the world top 100, but a long way behind the three super-GMs. Luke McShane, 14, is the rising star but is likely to be more concerned with achieving his first elusive GM norm than with winning the title.

So it will be a major upset

From a game won by Bourdonnais, 1833. In this typically flashy finish, he's winning anyway as White (to play) but decided to rub in his opponent's defeat by announcing checkmate in four moves.

Solution, Back Page

**Leonard Barden**

سكرا من الاموال



PERSPECTIVES



Joe Rogaly

# Let it be strawberry fields forever

Labour is searching for memory-politics. We may sympathise even if we do not swallow it whole

**W**e are crawling backwards towards the new millennium. Our eyes are fixed on the past, that idyllic time when mothers stayed indoors and raised their children, smiling in their pinafores, pecking sandwiches for the young scholars on the short walk to the local academy of learning.

Tranquillity prevailed. Cars roamed freely, on near-empty roads. Cycles, buses and trains were universal. Tenants were assumed to be grateful for the provision of subsidised apartments, happy in their rows of boxes, the battery poor.

If our thoughts retreat at this rate, our spirits may soon float through the proscenium into the 1950s – unless the 1960s capture us first.

Perhaps the glorious arrival of the year 2000 will best be celebrated at 20 Forthlin Road, Allerton, Liverpool. You know where that is. It is the address of Sir Paul McCartney's parental home, the place where he spent his teenage years. He and John Lennon wrote Beatles songs in its 1950s living-room.

Heaven be praised. This small terrace house, whose proper destiny was surely to provide low-cost public accommodation, will be preserved. It has been adopted by the National Trust, presumably to be visited by coach parties as if it were Graceland.

We should pause right there. The Elvis Presley mansion-shrine in Memphis, Tennessee, attracts more than 700,000 visitors a year. It will be pretty crowded in Forthlin Road if

McCartney mania matches that. Liverpool would need extra eight-lane highways – an impossibility, we fear, now that the Labour government aims to slow the growth of automobile usage.

None of the above is pure fancy. All of it is an extrapolation of some of this week's British news. Encouraging children to walk or cycle to school is an element of the government's transport strategy, announced on Monday. Details of the refurbishment of 1.5m council homes at a cost of £2.6m, were given on Wednesday.

This recalls the days before Margaret Thatcher began to sell off the stock of public housing, liberating some of the inhabitants. We must be charitable. The Labour strategy can be read as a rescue of those who could not be

set free. Yet it does raise memories of bullying council housing officers.

Before continuing the news-reel, let us note that the whole is greater than the parts.

What we have is best described as memory-politics, a search for times long gone. Labour even has a dominant slogan that brings these disparate policies together, "modernisation".

If I hear, it is not with ill will. Many of us sympathise with the nostalgic tendency in contemporary discourse, even if we do not swallow it all. Take those idealised housemothers. We cannot seriously wish women to be confined once again to the kitchen and nursery. If we did, they would not comply.

Yet men and women alike recognise that gender equality,

the presumption of no difference in roles, does not come cost-free.

For a start, nobody has the perfect solution to the problem of who is to mind the babies in families in which no parent is available to provide quantity time.

It is easier to talk of paternal responsibility than it is to inject fathers with the nurturing instinct. Yet women have the right to pursue their careers.

This uncomfortable conundrum lies behind this week's agonised debate over child care, following the conviction for murder in Britain of baby Joseph Mackin by Helen Stacey, a registered childminder.

Everything said in the US about Louise Woodward, the nanny convicted of killing the infant in her charge, was

rehearsed again. As if on cue, a group of British parliamentarians weighed in on Thursday.

Their report argued that the collapse of the traditional family is a cause of youth crime, unemployment and anti-social behaviour. The healthiest environment for the family was marriage. Children did best if their mothers stayed at home to look after them for three years.

Jack Straw responded masterfully. The Home Secretary told the parliamentary group that the government supports families, marriage, stable adult relationships, parents and children. The taxpayer will put good money into an independent National Family and Parenting Institute.

This freemove umbrella-nanny will offer advice to those who seek it. It will concern itself with

the needs of all families, "however they are structured".

He could hardly have said anything else. Couples are living together in a state of commitment whose essence is marriage. They cannot reasonably be discriminated against for want of a certificate. Yet to many people there is nothing like the blessing inherent in the vows, the ring, the contract. Politicians have to choose their words with care.

If they sound confused, that is because contemporary society, their electorate, is perplexed. Some of us ignore the poor; others feel guilty. Some applaud the bus; all prefer the car. Some voters pronounce the family defunct; others wish it were not. Nervousness about the future keeps us fixated on the past.

Joe Rogaly is a writer. [joe.rogaly@ft.com](mailto:joe.rogaly@ft.com)

Lunch with the FT

# A critic of the American way of eating

Julia Child tells Victoria Griffith that the trickle-down effect could improve the nation's diet

**A**re you crazy?" was the reaction when I told a friend I was planning to cook lunch for Julia Child.

The plan seemed a bit foolhardy, even to me; yet a week later, the American doyenne of haute cuisine herself was sitting beside me and praising my fish stew.

The adventure started when Child, the most famous television chef in the US, asked me to "surprise" her with a choice of a restaurant for lunch. I canvassed acquaintances for suggestions, and someone mischievously proposed I make lunch myself. The idea quickly took on a life of its own and I was trapped.

My trepidation grew as I read her 500-page biography, *Appetite for Life*. Child took 10 years to research her first cookery book, *Mastering the Art of French Cooking*, which she co-wrote with Simone Beck and Louisette Bertholle, and tested each recipe at least 20 times. How could I meet the tough standards of those taste buds?

"Not many people in Cambridge [Massachusetts] are brave enough to ask Julia over for a meal," Bess Hopkins, an old friend of Child's, confided the day before *The Lunch*, as I began to call it. "She'll be delighted."

She was right. Child, who dedicated her career to teaching home cooks, was pleased as punch to glimpse an amateur at work.

Despite a reputation for levity, Child comes across as a rather serious person – at least over lunch. I ask her about the new food snob-



Julia Child: the middle classes will emulate the upper classes, and one day they'll all be eating well

bishness among the American elite, and remark that what people eat has come to be seen as the best determinant of class in the US.

Surprisingly, Child thinks this is a good thing. "If the upper classes are behaving

in a certain way," she explains over a glass of sparkling water, "the middle classes will emulate and one day they'll all be eating well. Unfortunately, it's probably a long process."

Child's cookery books are

When some sauce dribbled on an otherwise perfect moussaka, she yelled, "Thank God for parsley!" and covered up her mistake. Her shaky voice, occasional clumsiness, and almost other-worldly enthusiasm made her an easy target for stand-up comedians.

Child is still, above all, a teacher. She tells me the couscous I served with the stew is the perfect combination, adding substance while not interfering with the flavour. She chastises me for cutting the bread straight up-and-down, explaining it is better to slice at a slant or simply break it apart.

My last-minute decision to throw blackberries in with the strawberries-in-sweet-wine dessert dish was ill-conceived, I discover, when Child leaves all the bitter berries untouched in her dish.

But the chef has particularly kind words for my pre-lunch organisation. Never having had a maid herself, she understands only too well the pressure of being both cook and hostess. One of the most important contributions in her books was the "ahead-of-time" notes, which explained which steps could be completed before the guests arrived and which would have to wait until the last minute.

Over the first and main courses, she laments American eating habits, which for many seem to have deteriorated into a dreary round of take-out pizzas and bad Chinese. "For some people, food is just hamburgers and pizza," says Child, cautiously taking a bite of stew. "It's hard to develop a palate for fine cuisine when that's all you eat."

She is tough on Europeans as well, saying she has often seen the television turned on in a French home during the evening meal. "The main purpose of sharing good food is to let an old person talk."

Child is dismissive of America's love affair with Italian cooking, which has largely replaced French as

the US haute cuisine of choice. "The ingredients are good, but they don't do much with them," she explains. "It's very simple cooking."

She regards new American cooking, currently in favour with restaurant diners, with a mixture of amusement and respect. "You could take any French dish and give it an American name," she says slyly over salad. "No, I think this new food patriotism is wonderful. After all, what is American cooking in such a multicultural society, it should include everything."

I point out that many people feel they no longer have time to prepare a meal. "So they'd rather eat at McDonald's?" Child quips.

I remember that she comes from a different generation. Even at the peak of her career, cooking for her family always came first. On the television set, filming preparations were often suspended while the star made lunch for her husband, Paul.

Yet Child has adapted, in her own way. In the 1995 publication *The Way to*

Cook which she considers her best collection of recipes, she aims to teach basic techniques and includes a large variety of easy-to-prepare meals.

"The best advice is to keep things simple," she says, while unceremoniously slurping a strawberry that has fallen on her hand. "Meals don't have to be fancy to be gourmet. Just find the good stuff and know how to cook it."

Over coffee, Child reflects on her life and career. At 55, she is still working, having just completed a new series with Jacques Pepin, her favourite chef. She considers herself a lucky person, saying the interest in French cooking in the Kennedy White House added to her shows popularity.

Her only regret, she says, is that she is not a grandmother (she has no children) and that she began her food training at the relatively advanced age of 30. Fame has some advantages, she says: "I can almost always get a table without a reservation, even at Le Cirque [a notoriously popular Manhattan restaurant]."

On the ride back to Child's Cambridge house, she asks me what I will do for dinner that evening. After an afternoon discussing fine food and its preparation, the reality of modern life weighs in. "I don't know," I say. "Maybe a take-out pizza?"

I am surprised to hear Child has no special plans either and would just play it by ear. "I was hoping to go to a movie preview," she explains.

Vintage Moment  
Vintage C. Cigquet

Veune Cigquet  
CHAMPAGNE OF THE SEASON

Truth of the Matter / Hugh Dickinson

# A spiritual core to the curriculum

**W**e gathered in the shadow of Windsor Castle. As it happened, the Garter Ceremony was about to begin; we had to extricate ourselves from long queues under dripping umbrellas waiting to see the royal luminary.

Our calling was different: we were on Serious Business. We had been summoned to a Consultation on Spirituality by an educational charity because the UK government has included the word "spiritual" in the legal requirements for the curriculum of all schools.

So here we were, head teachers, ministry officials, educational consultants, RE teachers and a few clergy scratching our heads to try to decide, or at least define, what this slippery word might mean in practice in a school.

It soon became clear that the majority of the professionals had deep reservations about the whole thing. We split ourselves into randomly selected groups, each with the task of representing or constituency within the school community – not

ional parents, teachers, pupils, governors, local authorities and humanists. The last group, representing a distinct ideology, had a whale of a time. The others had to encompass a variety of voices and attitudes, so when they reported back, their summaries tended to have the fuzzy edges of a wide spectrum of views.

Not so the "humanists". They articulated an attitude of deep distrust which, it turned out, was shared by many others. For them, "spirituality" is a covert synonym for indoctrination, brainwashing and divisive sectarian dogmatism.

We paused for coffee. Distant music from St George's Chapel drifted through the rain.

We all agreed with the humanists. Indoctrination was out. But teaching children about religions or uncommitted religious studies, while necessary and innocent in itself, was not the same thing as developing a spirituality.

Although we found it hard to define, we were unanimous in holding that human beings do have a spiritual

faculty which can and should be nurtured in schools. We did not want our children growing up as single-minded materialists. But what does the "spiritual" encompass?

An interesting feature of the contemporary scene in Britain and the US is the mushrooming of groups and institutions offering courses and retreats and guidance on spirituality of various kinds.

A Roman Catholic head said the Mass was the central heart of his school. Fine.

But most schools are maintained by the state and are secular and pluralist. One comprehensive head teacher said 13 different ethnic religious communities were represented among her pupils and staff.

Even though Britain is a (dubiously) "Christian" society, the paid-up, card-carrying members of the Christian churches are a minority. The Church of England may be "by law established" – faint tones of glory from the royal organist – but most thoughtful Christians hold that it is improper to claim special privileged rights in what are essentially secular or pluralist schools.

We can teach and practice Christian spirituality, meditation, prayer, and distinctively Christian values in a church school – but part of our own Christian ideology is to hold the ring open for non-ideological and non-sectarian values in secular settings.

Is it then a free-for-all?

What kind of mishmash or mayonnaise will we offer our children?

If the head is wise there will be extensive drawing on the spiritual riches, the music, poetry and literature of several traditions; but also a continuing dialogue with the living experience of the adult and adolescent members of the community. Working on the shared vision is part of spirituality.

The human spirit is that part of us which engages with the meanings, purposes, values and mysteries of life on earth, and engages with them not as problems for the head but as callings for the heart.

That is why music – a primary language of the spirit – is an essential component of the curriculum and of assemblies. Symbolic acts and corporate rites weld the community around a central ideal.

But what of God? Does He get a mention? Or She? That mystery must be part of the spiritual dialogue. That conviction, or hope or yearning, is still deeply embedded in our secular communities. If we are to be true to human experience, our schools must remain open to its possibility, and to its unprovability.

CHESSE

Chess advertisement with a chessboard and pieces.



## PERSPECTIVES

# The family get-together that keeps the faith

The organiser collapsed under the strain as the Lehmans arrived at a reunion to reaffirm their tribal and religious roots. Nancy Dunne reports

With the last hymn ardently sung, the church service finished, rows of neatly scrubbed youngsters streamed out to the soccer field. Under a relentless sun, they raced from goal to goal with their parents, cousins, uncles and aunts.

Nine brothers and sisters of the senior generation of the Lehman family browsed through picture albums, gossiped and swapped tales of their childhood. They and their offspring had converged, from as far away as India and from 13 US states, on a Mennonite retreat house near Williamsburg, Virginia, for their family reunion which takes place every two years.

In the Williamsburg hospital lay Dolores Wedel, the fourth daughter in the family, and organiser of the reunion. She had collapsed with a bleeding ulcer brought on by three years of preparation for the family assembly. Weaned on Mennonite family values of self-discipline and hard work, she is a perfectionist and a worrier.

It is indeed an arduous enterprise. A string of events - picnics, sing-alongs, storytelling, line dancing and tours - had to be planned for a family which, in three generations, had grown to a total of 120. But for Mennonites in the US, such gatherings are increasingly common as the close-knit tribes spread across the country and, consistent with the Church's teachings, "do service" abroad.

The Lehmans are not like their ancestors, the quaintly dressed "plain folk" who shunned modern contraptions such as zips, electricity and cars. In the 1920s, the family parted from their Amish and conservative Mennonite brethren, who still drive buggies and farm without modern technology.

They are friendly, practical, solidly middle class - mostly doctors, nurses, teachers and social workers. They possess the same vigour which brought their forebears across the Atlantic to worship freely, instead of staying at home and accepting the dictates of the ruling churches.

Mennonites such as the Lehmans venerate their ancestors and their struggles of conscience. They are fascinated by family records and genealogies, through which the Lehman elders have discovered a hereditary susceptibility to cystic fibrosis. Stories of forebears are told and retold. The elders still refer to their parents' 13th child, who died at the age of six months, as "our baby brother".

The memories of Amish-Mennonite persecution in Switzerland, then in Ger-

**Only one Lehman is known to have gone to war - and he was estranged for many years**

ated their own sects within the subculture. To avoid being contaminated by modernity, some Amish refused to wear new-fangled buttons and insisted on retaining hooks and eyes for their clothing. Other congregations were divided over the practice of "shunning" family members who were in disgrace.

Then, as now, the Anabaptists faced the same dilemma. They had to decide how best to preserve their ideals through the generations; whether to remain separate - "in the world, but not of it" - or accept integration with non-Mennonite neighbours.

Once, they chose to live in a self-sufficient, clanish world. Now, they organise reunions for new family members to preserve family unity.

Reunions "help us remember the great price our forefathers paid for their faith - freedom of conscience, democracy and the high worth of the individual; separation of church and state; believers' baptism and the refusal to participate in war," says one family record.

There are now more Mennonites around the world than there have ever been in the movement's history. The directory published by the Mennonite World Conference this year shows 1,060 baptised members in 80 countries. The spread is mostly due to conversion. In 1994, for the first time there were more church members in the southern hemisphere than in the north.

The Lehmans say their family's journey through the generations is typical of liberal Mennonites. They moved from Alsace-Lorraine in about 1833.

The first to arrive was Peter, a short, strong, determined fellow - the elder Lehman - who made his way across the Atlantic as a deckhand, jumped ship and fled to an Amish settlement in northern New York. He was variously a lumberman, a farmer, a minister and ultimately a bishop. He had seven or eight children, and one son, Christian, a reformer of sorts.

It was Christian who declared that his congregation must build a church. Mennonites had been holding meetings in each others' homes, but their congregation had grown so large that they could no longer squeeze all the horses and buggies into the Lehman barn when they met for services.

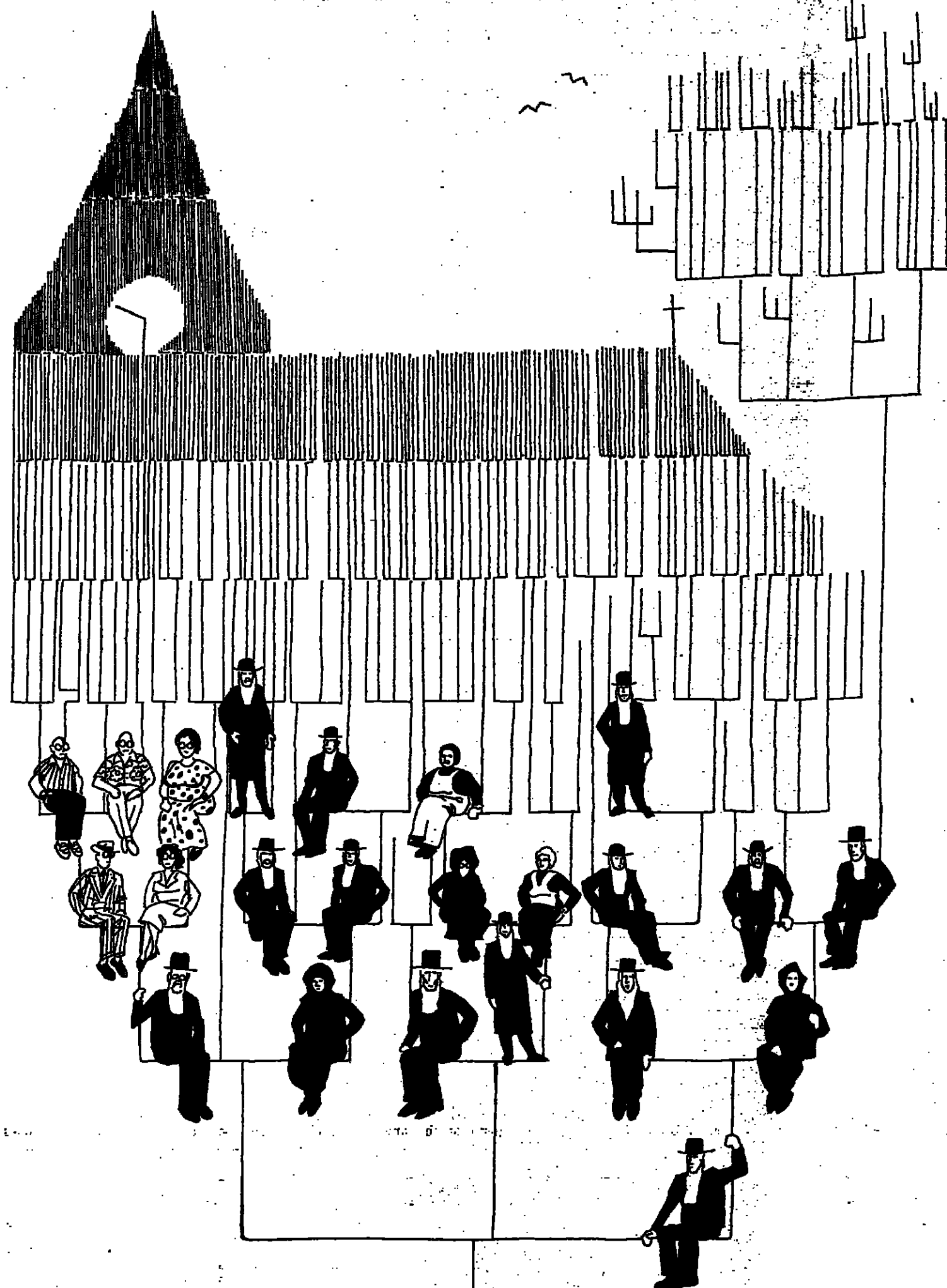
The family took another step away from established practice when one of the brothers started to drive a car, finding it a vast improvement on a buggy he used when travelling around selling window frames. Once the Lehmans began to drive, they decided they could not continue to call themselves Amish or so changed the name to Conservative Amish Mennonites.

In 1940, the Lehmans started another church - there are many shades of opinion under the Mennonite umbrella. Sam, son of Christian, was ordered by the Sunday school superintendent to wear a collarless coat to teach Sunday school. "My father said he didn't need a new coat. The one he'd had for 21 years was good enough, but when he did get a new coat, it would be collarless," said Ralph Lehman. "With 12 children to support he was reluctant to buy anything he didn't need."

Sam Lehman's intentions, however, were not good enough. The rest of the Lehmans followed him out of the congregation, saying they would not stay "if Sam isn't good enough to teach Sunday school".

Only one Lehman is known to have gone to war - and he was estranged from the family for many years.

In the second world war, they did "work of national importance". Ralph Lehman says he was hoeing "cockle



Ferguson

berries out of corn fields" when the authorities began to assign pacifists to work as orderlies in mental hospitals. "They discovered this conscientious pool of carers, and many of us were college trained," he says.

The Mennonites then became the motive force behind the mental health reform movement of the 1950s and 1960s. They founded the famous Menninger Clinic in Topeka, Kansas. Ralph Lehman became the administrator of a children's mental health hospital in St Louis.

As long as Mennonites lived on farms where large families could work together

and thrive, they could cling to clannish communities. But when the farms could no longer support them and they had to go out in the wider world to earn a living, they tended to drift from the church. This is true of the Lehmans, although their Mennonite principles remain strong.

Mennonites in the US have won praise for their work in disaster relief, where they have proved to be superb organisers. "During one flood, there were great crowds of people trying to get into town," said Mickey Lehman, a lawyer. "But when our truck pulled up, and we said we were Men-

nonites, the crowd parted like the Red Sea."

To Janine Wedel, an anthropologist who has rarely missed a family reunion, the get-together is a process of "making, remaking and shaping folklore" - so that the history of both a family, and a faith, are not lost.

"It's nice to belong with a whole group of people that's not based on your usual professional and personal identity - with the farmer from Kansas, the musicians from New York, the teachers in India."

Like most of her family, Wedel studied for a degree at a Mennonite college, with

third and fourth cousins and teachers who knew each student's genealogy. Although she questions much of the church's ideology, Wedel has a fierce pride in Mennonite values. Boys with whom she attended school went to prison for failing to serve in Vietnam. "These are our heroes," she says.

"A reunion is a time to discover ourselves in the context of our family," said Jim Lehman, the school administrator in India. It is also a time to mourn the recently departed. This time it was Kim Lehman, an actor in New York, who died of AIDS. His condition was disclosed at the last reunion.

His sister Linda eulogised about him and played a tape of a song he had written: "Too many lives have been broken. Too many hearts torn apart. We can't sit back and watch it happen. We must all play our part."

Benny Barnard, a Dutch poet, married to Denise Lehman, a broadcaster on Belgium World Service Radio, marvels at the family closeness. "They have almost a tribal feeling. I have 35 to 40 first cousins and would recognise maybe five. And here they come, taking flights across the entire country and the world to find each other," she said.

## Dispatches

# The false teeth that fool no one

Mark Huband describes how one street in Hebron came to reflect dashed Palestinian hopes

The butcher opened his wallet and showed me his teeth. Five false specimens, preserved as evidence to be revealed on the day of reckoning. In his despair, he wondered if that day would ever come.

He is not the only one among Palestinians along the West Bank to wonder what the volatile mixture of Israeli government extremism and the corruption and ineptitude of the Palestinian Authority will bring.

The butcher was drinking tea at a kiosk at the end of Al-Shuhada Street. Baby-faced Israeli soldiers were gathered beneath a large umbrella eyeing the tea-drinkers and market stall-holder, whose lives international diplomacy has yet to rescue from the knots of the Middle East peace process.

The Israelis barked orders at Palestinians wanting to drive the length of the street. The Palestinians shrugged with the compliance borne of occupation. Meanwhile, a few hundred yards away, painted starkly on two water towers atop a small hill housing a Jewish settlement, the blue and white Israeli flag dominated the scene.

"I kept my teeth so I could show what it was they did to me. It was the *eid el-fitr*, the festival

to mark the end of Ramadan. I had invited some friends and we were having a party. The Israelis didn't like it. They let off tear gas, thinking we were planning something. They knocked out my teeth with a rifle butt," says the butcher.

He now has five new false teeth. But that is not really the point: cosmetic changes convince nobody.

The cosmetic changes to Al-Shuhada Street occupy two pages of a January 1997 agreement, which saw Israeli troops withdraw from most of Hebron.

The US government budgeted \$1.5m to finance a face-lift for the street, so Arab traders could sell goods in the shops which run its length, among which are Jewish houses and a large synagogue. Eventually, the US paid \$2.5m, but still few people go there. Cars need a special pass, and pedestrians are eyed suspiciously by Israeli troops.

The street is like the "sterile

zone" of a border crossing. It is a no-man's land, symbolic of the absence of real progress made since 1993, when Israelis and Palestinians agreed to "recognise their mutual legitimate and political rights, and strive to live in peaceful coexistence and mutual dignity and security".

A large sign above the Jewish settlement in the centre of Hebron says the site was where Jews died in a riot at the hands of Arabs in 1928. The provocation is clear. The Star of David is daubed as graffiti on Arab shops forced to close nearby.

In the neat settlement, my colleague asks the way to the Tomb of the Patriarchs, and an Israeli soldier asks a settler whether we - clearly non-Arab - "can be trusted to walk through the settlement unobserved".

Provocation is the *plat du jour* of Israeli politics under Benjamin Netanyahu, the prime minister. "The Arabs will only be satisfied when we [Jews] all

disappear," says David Bar-Ilan, Netanyahu's spokesman. On a Jewish settlement a few miles from Hebron is the grave of Baruch Goldstein, a Jewish extremist who slaughtered 29 Palestinians in a city mosque in 1994. The government has allowed the grave to become a shrine.

The attitude of the Netanyahu government, however, is made more difficult to bear by the fail-

ure of the Palestinian Authority to create an effective alternative through which to confront it.

The return of Yasser Arafat, the Palestinian leader, from exile in Tunisia in 1994 saw the arrival of a large entourage whose local support was limited. They dominate key administrative positions within the authority, as well as access to millions of dollars in development assistance from foreign donors and tax revenues from goods destined for the Palestinian population.

"Arafat and his gang are wanted for a period - to pave the roads and clean the streets. Then there must be a change. I don't know how it will come. But in five years, Arafat has completely disappointed the people," said a Palestinian engineer in Jerusalem.

"Now, nobody will rise up to support Arafat from within Palestine. If Arafat had the street behind him, he would be able to forget about Netanyahu and

(Madeleine) Albright [US secretary of state]. But Arafat is the only one who can sign contracts. That's what keeps him in power."

Greed has ousted good sense. "I used to work with the authority, but they are not interested in the details of their own decisions," said a Palestinian statistician in a town outside Jerusalem, who resigned when his technical analysis of political decisions was routinely ignored.

"For example, they don't seek the views of experts on the impact on land use of the Israeli troop redeployments."

The technical details - regarding land, water and infrastructure - which affect the lives of ordinary Palestinians, have failed to absorb the authority's leaders.

Consequently, Israeli negotiators have been able to ensure the country's continuing control of key resources vital to sustaining existing and new Jewish settle-

ments on Arab land. The issue has revealed Israel's dance around the Palestinians in much of the past five years of negotiations, intensifying Palestinians' resentment of their leaders.

The silencing and intimidation of its own internal critics is one aspect of the authority's response.

"But aside from their violence, they're all politics. Everything they do, if I get a permit to work in Jerusalem - which takes months of requests to the Israelis - the authority comes and takes it from me, saying I'm not allowed to have it. So, I'm not allowed to work," said another man in Hebron.

"There will be a war among us, between the politicians who came from the outside and the others who were always here," said the butcher.

"It's the corruption of all those around Arafat. Where has all the money gone? All that money that was meant for us. Whatever they say, I don't believe in them. They are not from here."

"They came from Tunisia when Arafat returned, and they have stolen everything. There will be a war between us and them," he added, a man mired by dashed hopes, the ever-present threat of violence and a growing sense of despair.



BOOKS

# Sweet sounds, jarring notes

Michael Church on a sextet of composers' Lives

**P**hilistine! If music seems polarised now, it was infinitely more so 140 years ago, and in terms which have a startlingly familiar ring. Schumann was the first user of the F-word, to denote bigots who couldn't understand what he was up to. Twenty years later, he and his protégé Brahms had it applied to them in turn by the excited adherents of Liszt. Brahms tried to whip up country-wide resistance to Liszt's "Music of the Future"; the Lisztians ridiculed the work of Mendelssohn (in the Schumann camp) as "Music of the Past"; Wagner and Wolf weighed in for the "new". Evolution or revolution? Beethoven was the universal hero, but the camps were led by men whose modes of veneration were sharply opposed. While Brahms worked within the forms Beethoven had wrought, Liszt emulated Beethoven's iconoclasm and left those forms behind. Brahms dismissed Liszt's work as *etui Scherzade*; Liszt, who was the least vindictive of men, never played a note of Brahms in public. The animosities ran deep, yet we can now see them as joint emblems. So it's nice that definitive books should appear on both: Brahms' life as seen through his letters, and Liszt's through the completion of a majestic biography.

With a title like *Franz Liszt: Volume Three: The Final Years 1861-1886*, it comes as no surprise that the author should begin in *medias res*. Alan Walker assumes we know the background to 50-year-old Liszt's thwarted marriage to Princess Carolyne. But we follow from start to finish the extraordinary drama which dominated the composer's last years: the triangular relationship between his daughter Cosima, her husband Hans von Bülow, and her lover Richard Wagner. Walker shows how von Bülow exorcised his cuckoldry (by brilliantly conducting his rival's works), how Liszt exorcised his fury at his daughter's seduction (transcribing *Tristan* for piano), and how Cosima turned her guileless father into a marketing tool for the Wagner industry.

The narrative pace is leisurely enough for fun along the way: the neck of the London-built dragon for the first Bayreuth *Siegfried* was sent in error to Beirut, and the stunted beast slain to gales of laughter. From verbal snapshots of Liszt at the keyboard, we can sense the spell he wove. His playing was more sub-

**FRANZ LISZT: VOL 3: THE FINAL YEARS 1861-1886**  
By Alan Walker  
Faber £45, 594 pages

**JOHANNES BRAHMS: LIFE AND LETTERS**  
Selected and annotated by Styra Avins  
Oxford £35, 858 pages

**JOHANNES BRAHMS**  
By Jan Swafford  
Macmillan £30, 768 pages

**THE YOUNG LISZT**  
By Iwo Zaluski and Pamela Zaluski  
Peter Owen £17.95, 208 pages

**MENDELSSOHN REMEMBERED**  
By Roger Nichols  
Faber £20, 258 pages

**BRUCKNER REMEMBERED**  
By Stephen Johnson  
Publisher £12.99, 186 pages

tle and restrained than that of his disciples, and neither injury (playing with nine fingers) nor alcohol (ranked up with cocaine) caused that magic to desert him. Walker conveys the charm of his masterclasses, and the horrendous problems caused by a student who went ape, the so-called Cossack Countess. She was a talented pianist, but her addiction to drugs and guns - she tried to draw Liszt into a suicide pact - was compounded by her addiction to writing spoof memoirs, which skewed the record for decades.

There were also truthful memoirs of Liszt's classes in Weimar,

but all modern accounts are now overshadowed by Walker's trilogy. Liszt was a protean genius with an electrifying personality: he was wayward, idealistic and generous to a fault. Deploying formidable scholarship, Walker evokes all this against the backdrop of history. He also shows exactly why Liszt's compositions were so revolutionary. His final ambition was to "hurl his lance into the boundless realms of the future" and, by stretching tonality to the limit, he did just that: some of his works remained unpublished till the 1950s. Yet he acknowledged creative debts, producing piano transcripts of Beethoven's symphonies, and editing Schubert's works.

One of the surprises in Styra Avins' *Johannes Brahms: Life and Letters* is the devotion with which Brahms edited the works of Schubert, Chopin and Couperin: we don't often think of him as a musicologist. But as the letters of this gregarious outsider repeatedly show, trisecularity went hand-in-hand with enormous generosity: he was full of contradictions. He was routinely melancholic - "black pinnons constantly rustle over us" - yet could give Clara Schumann excellent therapeutic advice when depression laid her low.

Avins dismisses as irrelevant the perennial question about this lifelong friendship - did they have an affair? - and poses the right question instead. What bound them together? The complex answer is deducible from these spiky, passionate pages.

Brahms was a reluctant correspondent, and without Avins' judicious commentary, this book would not cohere. Her translations on the whole feel admirably authentic, particularly in their reflection of Brahms' flirtatious dealings with his beloved women's choir, and his tangled relationship with his father.

Avins briskly despatches the myth that Brahms grew up in poverty, and that as a child he played in brothels. And that myth is remarkably enduring, as witness Jan Swafford's new biography, *Johannes Brahms*. Swafford writes with lip-smacking gusto of the angelic youth's



plight: "Between dances the women would sit the prepubescent teenager on their laps and pour beer into him, and pull down his pants and hand him round to be played with, to general hilarity. There may have been worse from the sailors. Johannes was as fair and pretty as a girl." The "evidence" Swafford adduces winds up with this extraordinary justification: "What else could it have been

like, playing in cheap brothels?" With an imagination like this, who needs scholarship? Avins, meanwhile, paints a fascinating picture of a time when sheet music was an essential means of communication. She prints the counterpoint ideas which Brahms exchanged with violinist Joseph Joachim, and while few of these letters are explicitly about his music, we sometimes get a wonderfully

evocative phrase. "Lullabies of my sorrows": what more need we know of the last pieces he wrote? In *Mendelssohn Remembered* and *Bruckner Remembered*, we have two useful additions to Faber's scrapbook portraits. Roger Nichols presents a suitably elegant tribute to Mendelssohn's graceful performance on life's stage. "His countenance beams with intelligence and genius," said Queen Victoria; "Mendels-

sohn's playing," said Ferdinand Hiller, "was what flying is to a bird." Stephen Johnson persuasively shows Bruckner to have been far more complex than his conventional caricature as an inspired simpleton.

Neither book, however, has induced me to revise my view of their subjects' work. To claim Mendelssohn's music is as "subtly thoughtful as any ever written" really is pushing it a bit.

## Post-cold war threat to global stability

**I**n his State of the Union address to Congress in January 1992, former US president George Bush, fresh from his victory in the Persian Gulf, declared that America remained "the economic leader of the world", and that in this "defining moment" the world "recognised one sole and pre-eminent power, the United States". And because it is "the freest nation on earth", the world "trusts us with power... They trust us to be fair, and restrained. They trust us to be on the side of decency. They trust us to do what's right."

**Bombastic triumphalism** aside, Bush was telling the truth. Whether one likes the US or loathes it, the reality is that since the Soviet flag came down over the Kremlin at midnight on December 25 1991, it remains the predominant economic, military, cultural and technological force in the world. It has the largest economy and the highest level of prosperity. It spends as much on defence as the next six military powers of the world combined. And its domination of global communications, popular entertainment and mass culture is beyond challenge.

Yet its status as the world's leading power has given policymakers in Washington a headache. Why? Because, as this book shows, even though the cold war is over and the US is the only superpower left, not much has really changed. Not for the Pentagon, anyway. Without the Soviet Union, America still has to keep calling the geopolitical shots and providing assistance, order and security for the Middle East, the Pacific and other troubled parts of the world. In fact, the absence of a direct threat in an increasingly complicated post-cold war environment in which security challenges are inherently less predictable, has meant not only that the US cannot afford to return to isolationism, but that its involvement in international affairs should now be almost as active and extensive as it has been over the previous four decades.

Tanter, a professor of politics at Michigan University, duly acknowledges this and

also the fact that the world has become a more brutal and violent place. "Idiosyncratic politics," he writes, "are the order of the day" in the post-Soviet world. What Tanter means is that during the cold war years, the fear of nuclear confrontation was an important source of stability. Because neither superpower could defeat the other, their antagonism could not be resolved and a sense of cautious permanence was established.

A decade after the end of the cold war a new type of threat has emerged to "confound" the US. A group of rogue regimes, Tanter tells us, armed with nuclear and/or chemical weapons ruled by ruthless, recalcitrant, and often paranoid, leaders, has replaced the Soviet Union and communism as the greatest challenge to Ameri-

**ROGUE REGIMES: TERRORISM AND PROLIFERATION**  
by Raymond Tanter  
Macmillan £30, 331 pages

can primacy and long-term international stability. This band of rogues is quite small, and includes Iran, Iraq, Libya, North Korea, Cuba and Syria. Each regime is influenced by a radical ideology (Islamic fundamentalism, Marxism-Leninism or Arab socialism) and all share a common, deep-rooted antipathy towards the US and the west.

At the same time, Tanter rightly observes that all the rogues have suffered from the break-up of the Soviet Union which, by depriving them of a patron and protector, deepened their insecurity and their desire to acquire nuclear and other weapons of mass destruction. He also makes the point that men such as Gaddafi, Assad and co. have been engaged in extensive drug-trafficking and state-sponsored terrorism and assassination campaigns against the US and other western countries.

The author goes on to conclude that although they lack the resources of a superpower, these rogues constitute a potent military

threat to stability in volatile regions such as the Mediterranean, the Persian Gulf and the Korean Peninsula, where the US and its allies continue to have vital interests.

The Clinton administration, like its predecessor, has been seeking to neutralise and contain these regimes through a combination of diplomatic isolation, military pressure and (mostly unilateral) economic sanctions. What Tanter does not say, outright, is that preventing these rogues - Iraq, Iran, and North Korea in particular - from achieving their nuclear, chemical and biological ambitions has become a top priority in Clinton's foreign policy agenda. Last year the US government spent well over \$1bn in intelligence to detect and monitor covert strategic weapons programmes.

What Tanter also fails to emphasise is that sanctions have sometimes been selective and arbitrary in their targets, and that the US has frequently breached its own policy when it suited its interests. Syria, for example, has been on the list of rogues as long as Iran, yet high-level US officials have often courted Damascus because of the potential catalytic role president Assad might play in the US-sponsored Arab-Israeli peace process.

On nuclear weapons, North Korea has pursued a development programme similar to Iran's, yet Tehran has been denied the right, according to Pyongyang, under the Nuclear Non-proliferation Treaty, to develop peaceful uses of nuclear energy. And, on human rights, China and several of America's Gulf Arab friends have been cited as some of the world's main violators, yet, unlike Cuba (where Washington's 37-year-old, cold-war embargo against Havana remains firmly in place on "violation of democracy and human rights" grounds), they enjoy normal diplomatic and trade relations with the US.

In short, Pax Americana has double standards.

George Kassimeris

## Fiction Satire short of a few ironies

**A**t their best, Anne Tyler and Shena Mackay invite comparisons of the strengths of fiction by women in the US and Britain. Tyler's immaculate style and gently comic unravelling of middle Baltimore against Mackay's darker imagination and razor-sharp satire of British character and class. Unfortunately, in these latest novels neither is at her best.

A *Patchwork Planet* is the normally reliable Tyler's weakest novel for some time. It is narrated by Barnaby Gaitlin, the mildly eccentric - he wears pyjama tops to supper with his parents - son of a good Baltimore family who has a tradition of its men being visited by "angels".

As a teenager, Barnaby was a bit of a tearaway, breaking into houses and looking through the owners' photograph albums. Now he works for Rent-A-Back, a company which helps old women decorate Christmas trees and sort through their attics. One day, taking the train to Philadelphia for his monthly visit to his daughter, he meets plump, sensible Sophia and decides she is his angel.

The rest of the novel follows Barnaby as he falls for Sophia, introduces her to his

family, sees his daughter, goes to work, sells his car, and is unfairly accused of stealing by Sophia's elderly aunt. Towards the end, his favourite client dies, leaving behind her patchwork quilt of Planet Earth, "makeshift and haphazard, clumsily cobbed together, overlapping and crowded and likely to fall into pieces at any moment".

Of course there is more to it than that - but not much. Tyler's story-telling is as smooth as ever and the book is sprinkled with soft humour and sly observations on life, particularly old age. But like the patchwork quilt metaphor, it's all a bit too cute. This is a world in which adults call each other "Mr Peanut Butter Breath" and "worrywarts", where "rodents" are "ponchy", animals "rodeomy" and tables "Japanesed". A *Patchwork Planet* is an easy, mildly diverting read, but little of it lingers in the mind.

Shena Mackay's new novel also suffers by comparison with its predecessor. The Booker shortlisted *An Orchard on Fire* was a substantial book, effortlessly

**A PATCHWORK PLANET**  
by Anne Tyler  
Corgi £15.99, 288 pages

**THE ARTIST'S WIDOW**  
by Shena Mackay  
Jonathan Cape £12.99, 169 pages

and movingly unpicking the fabric of 1950s Britain, and appeared to flag the maturing of a rich talent. But in *The Artist's Widow*, Mackay returns to an archer tone that is perhaps more suited to her short stories than a novel.

The artist's widow is Lyriss Crane, and the novel opens,

promisingly, at a private view of her late husband's paintings. "Every artist leaves behind a shadowy retrospective exhibition of the pictures that were never painted," it begins. "The spaces between the canvases on the walls were swarming with the ghosts of ideas and thwarted images." Beautiful, thoughtful writing - but hinting at an exploration of life and art, a diving into the past, that the novel does not deliver.

To be fair, that is not Mackay's main aim. This is a satire on Britain in the Blair age, less concerned with Lyriss's ghosts than her guests at the private view - a motley lot which the novel follows on their various star-crossed and criss-crossing ways. Along with Nathan Pursey, Lyriss' great nephew and talented Damien Hirst wannabe, there is Zoe Ribhat, a Nefertiti look-alike television producer, and Clovis Ingram, a middle-aged bookshop

owner who on his way home from the party sees a figure riding up an escalator and does nothing about it.

That this person turns out to be the lost member of Nathan's art group is one of a dozen or more "coincidences" that make up the structure of the novel. Everyone connects to everyone else - and ultimately all are connected by that great connecting event of last summer. It is cleverly and at times wittily done and, in bursts, Mackay writes like an angel. Moreover, some of the targets, such as the Emperor's new suit that is Britain's contemporary art scene, richly deserve a lashing.

But the weightier parts of the novel, particularly Lyriss' poignant efforts to make a new life for herself, sit uneasily alongside the blunt and sometimes overly obvious farce of Nathan and his friends. And at the end, apart from a lovely glimpse of Nathan's florist family unpacking a torrid load of flowers early on the Sunday morning after Princess Diana's death, the event of Blair's reign that is most deserving of the satirist's art is left somewhat limply unexplored.

Jeremy Gavron

## Ephemeral liaisons

**J**ay McInerney's sixth novel marks his return to the subject of Manhattan's demi-monde, which featured in his first book, the exemplary *Bright Lights, Big City*. Over a decade has passed, but initially there is a strong sense of *déjà vu*: here we have the young insecure narrator, job on the line, abandoned by his girlfriend - the model: will he get her back? Will alcohol and substances finish him beforehand?

The McInerney can return to his basic storyline and still make it seem fresh by bringing many new insights to it. It is a tribute to the skills he has mastered.

His alter ego here is Connor McKnight, specialist celebrity profiler on a women's style magazine, CiboBella, who is desperate to interview the elusive brat-pack actor, Chip Ralston - a coup that Connor badly needs to persuade his editor, Jillian Crowe, that he has still got what it takes.

Meanwhile, McKnight is

becoming increasingly suspicious about his beloved Philomena, who is supposed to be on a shoot in San Francisco. Of course, the reader guesses that Phil and Chip are lovers long before Connor does, but our enjoyment is not diluted. It is the other people in his life that are really intriguing, such as his amoral dealer, Brooke, a gifted physicist at Rockefeller University "crippled by... an acute sensitivity to human suffering".

Connor's best friend is a writer called Jeremy Green, a man who is utterly unaware of his film-star looks and whose concern for animals, including the cockroaches in his flat, is only matched by his near-suicidal introspection. He is fretting about his latest collection of short stories, entitled *Walled-In*, which is "a gloss on

Thoreau... in which the island of Manhattan serves as a dystopian mirror for the pond of Walden". Connor's relationships with these and other characters define the qualities that are particular to this novel: Brooke and Jeremy contrast sharply with the "best" friend in

**MODEL BEHAVIOUR**  
by Jay McInerney  
Bloomsbury £14.99, 230 pages

*Bright Lights*, Ted Allagash, and all his me-generation betweens. True, Connor is as glibly-eyed a comic observer of human foibles as his predecessor, but these days McInerney is making far more serious comments about not simply New York values, but American ones in general and the way that literature, cinema and the media have represented them.

His title, *Model Behaviour*, a byword for insincerity, is typified by the ephemeral liaisons of the fashion and film industries - "they would spring up like daffodils in their lives, briefly". When Philomena says that she yearns for "the simple life", she is not echoing Thoreau's "simplicity, simplicity, simplicity" which he related to honesty, magnanimity and trust, but that affected by wealthy actors such as Chip, with their ranches in Montana. As McInerney's idol, F. Scott Fitzgerald once stated, false "simplicity of behaviour" is "part of a desperate bargain with the gods".

The novel's puritan conscience is guarded by Brooke. Ultimately, it is she, rather than Connor or Jeremy, who actually finds the courage to do something practical about human pain. The book's greatest

weakness lies in the way that McInerney rounds the story off for Connor: having cleverly integrated several tough-minded debates within the main narrative, why provide a conclusion that is manifestly sentimental? Could it be that, like Connor, he is caught between that curiously American need to take the moral high-ground and the seductive charms of the modern city? Nevertheless, this splendidly adventurous book proves McInerney's enduring gift for being able to harness this very tension, now made all the more fascinating by the maturity of his outlook.

Frank Egerton

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## BOOKS

History, like the devil, is in the details; but observation and discussion of trends and patterns, movements and debates in art, literature and thought - depends on prescinding from details and taking the eagle's view. In ordinary hands this enterprise seriously risks forfeiting itself to the vapourities and vacuities of over-generalisation.

In the hands of a master, however, it is often thrilling and always illuminating. Carl Schorske is just such a master; anyone acquainted with his classic *Fin-de-Siècle Vienna* will know that fact, and accordingly will relish the prospect of these new essays. Together they are a brilliant feat of learning, gracefully served. They portray the encounter between 19th century intellectuals and Modernism, and discuss the places and people central to Europe's cultural life in the fateful century between 1848 (the year of

# An inspiration from great cities

A.C. Grayling admires an eagle's eye view of the growth of 19th century European culture

revolutions) and the advent of Nazism.

In addition, Schorske gives us a sketch of his intellectual autobiography - a "professional self-portrait" - as one of the introductory essays, to illustrate his fidelity to the view, no less true and valuable for being familiar, that by encountering history one better comes to understand the present and oneself.

A principal theme in the essays is the city in general and - this being Schorske - Vienna in particular, though not exclusively. He traces the idea of the city as virtue, as vice, and as "beyond good and evil". In 18th century Enlightenment thought the city was depicted as the locus of achievement, where arts, pleas-

ure and industry came together to produce civilisation. Voltaire lauded the city, choosing London as the modern Athens to exemplify his theme. But in the 19th century the city came to be seen as a site of vice: industrialisation produced slums, poverty, drunkenness, violence, prostitution, epidemics, dislocation from the health and independence of rural life. The city was therefore decried; but not universally. Some, like Baudelaire and the *fin-de-siècle* decadents, celebrated the anonymity and deracination of city life, and found their inspiration there.

Against the backdrop of these trends in thought about urban experience Schorske poses more focused themes. One concerns Basel as the intellectual home of

Bachofen and Burckhardt, each influenced by their city's belief that its university's professors must be the educators of the whole city-state. Several of the essays discuss Vienna as the

## THINKING WITH HISTORY

by Carl E. Schorske  
Princeton University Press £16.95, 240 pages

scene of a great experiment in liberal building: the Ringstrasse development, which was in effect the siting of a new capital (as it were, a Canberra or Brasília) in the defensive glacial of an old imperial city.

Understanding the struggle between liberal and imperial

sentiments in late 19th-century Vienna, Schorske argues, requires that we examine political, generational and class tensions: the role of liberalism in making the buildings of the Ring - museum, theatre, university, parliament, town hall: all monuments of progressive politics - oppose the topological and cultural centrality of the imperial palace; the role of successive waves of *jungen* in overturning their fathers' values, first in politics and then in art; and the role of Mahler in confronting class sensibilities by introducing a broader range of sensibilities into his music than the elite audiences of Vienna were then prepared to countenance.

In each case the tensions encapsulate the development of

European culture in the period: as one reads, one is conscious of the looming shadow of the coming crisis of world war and social collapse.

Widening the theme from the built environment, Schorske explores English medieval revivalism in Coleridge, Pugin and Disraeli, in particular the attempt to bring medieval ideals of integration and harmony - both social and artistic - into modern social reality.

In an intriguing adventure in comparative analysis, he finds similar visionary themes in William Morris and Wagner, and similarity too in their respective disappointments at failing to bring something from the past - Norse myth or medieval craft - to solve what they perceived as

present problems. And using the same technique of picking a residence of a crucial place or period - this time again a city, and again Vienna - to unpack tightly implicated meanings, Schorske discusses Freud's Anglophilism and his interest in Egyptian antiquities, by way of his relationship with "B.D." - the poetess Edda Doolittle, who records him to the delight of all Freudians showing her a statuette of Athena, and saying: "This is my favourite - she is perfect. Only she has lost her sex".

The foregoing merely skims the surface of Schorske's rich and satisfying series of explorations, each packed with interest and enjoyment. In the reflective character of the autobiographical chapter, and in the concluding essay on the study of cultural history, there sounds a note of farewell; Schorske lately retired from his professorship at Princeton. I hope this is not so: after reading these essays, one wishes for much more.

Slavery in the US was finally abolished in 1865, but its legacy endures: politically, socially, economically, and, most importantly, in the hearts and minds of the American people. Edward Ball's first book attempts to demonstrate how this legacy reaches beyond even these primary attachments and permeates the bloodstream of millions of citizens, both black and white.

Ball is the seventh-generation grandson of Elias Ball, an Englishman who travelled to Charleston, South Carolina in 1698 and founded a series of plantations. When Edward Ball began to ask his family about their history as slave-owners he was met with a wall of silence. In the consciousness of the Ball family, it seemed that slavery had disappeared, gone

SLAVES IN THE FAMILY  
by Edward Ball  
Faber £20, 304 pages

with the wind, never to be spoken of again.

In the face of this communal failure of memory, Ball - a columnist for New York's *Village Voice* - sets out to recreate the history of his family's historical relationship with the slave trade, tracing the family's history from the boxes of Ball papers in the libraries in and around Charleston. However, what really fascinates Ball is the fact that masters occasionally hopped into bed with their black servants and this being the case, somewhere he must have relatives who are black.

"Families of color had stories of the white ancestor, or ancestors. Sometimes they knew who it was, sometimes not. If I was lucky, I might be able to find one such family. Surely there was, somewhere, a black clan with a bloodline that led to a Ball bedroom."

Edward Ball employs four narrative strategies. First, there is his expressed, off-repeated desire to find "a black clan". Second, his actual encounters with "family", both blacks and whites. Third, his recreation of family history, stretching back to the arrival of Elias Ball. And finally, his unearthing and presentation of some "facts" of slavery.



An idealised view of plantation owners and their slaves, c.1864: the reality was rather more brutal, with whipping, branding and castration routinely used as punishment

Mary Evans Picture Library

# Relations with the slave trade

Caryl Phillips joins a white author in the search for his black past

The heart of the book, and the most successful episodes, are those which involve Ball presenting himself before relatives who, in the main, have no idea of his existence. Early in the proceedings he finds an old white relative, Dorothy Gibbs. He sits patiently as she spews out her racist and ahistorical views, and when she denies that there was any intimacy between blacks and whites in the household, he lets the subject drop.

Similarly, when he visits a black relative, Leon Smalls, a man whose life is cocooned in bitterness towards the

white man, Ball lets him speak with little interruption. At the conclusion of the encounter, he states: "I admired Leon Smalls. From the well of his despair, he had brought up an accommodation of his own design. His bitterness protected him, while he left open the dim prospect of a different life."

These snapshots, although brief, are the real heart of the book. The author is patient, sensitive, and one feels that these conversations are educational for Ball, for his subjects, and

most certainly for the reader.

Ball unearths some troubling anecdotal facts about the past relationship of black and white in America. One relative informs him, without smiling, that there is an expression referring to children "who are called 'step-children'". That means that the white father does not acknowledge his black children. He has them, and he "steps aside". You never heard that expression?

While researching the life of Elias Ball he discovers that "in Elias's day, according to the statute, the punishment for a first attempt to flee slavery was whipping. For the second offence, the runaway was to be branded on the right cheek with the letter R. For a third offence, one ear was cut off. A fourth offence brought the removal of the other ear for women, and another brand for men, the law called for castration."

Ball's present relates specifically to the difficult relationship between black and white.

Last year President Clinton embarked upon a series of Town Hall discussions that were billed as "a dialogue on race". From both the left and right he came under fire from critics who felt that he placed too much faith in dialogue. Michael Eric Dyson, a Columbia University professor, stated that "Conversation is not enough to leverage moral authority against racism". At its best, *Slaves in the Family* is a fine riposte to Dyson.

Richard Price's *Freedomland* begins one hot evening in July with a young white woman walking mutely through New York's inner-city projects. She soon finds herself in a hospital emergency room and announces to the bewildered staff that she has just been carjacked.

Lorenzo Council, a black middle-aged detective, picks up the call. The woman reveals that her four-year-old son was in the back seat of the car. Council has no

choice but to instigate a full-scale search for the child.

The effects of the disappearance of Brenda Martin's son ripples through the community like a stone dropped in a pond. A sketch of a black youth is issued and an arrest is made, wrongfully as

it turns out. Violence simmers. Local youths seethe at the injustice, while local tenement representatives and councilors back the police and call for calm.

The book's other main character is a pushy young reporter, Jesse Haus, with whom Council has developed an edgy working relationship. Jesse manages to instigate herself into Brenda's life and probes it, ever hungry for a story.

Lorenzo watches Brenda and begins to suspect that all is not what it seems. He also probes into Brenda's life, but more subtly. His tactics pay off. The story begins as a personal tragedy, but unfolds into an epic, web-like account of racial tension and urban enmeshment.

Price has been a Hollywood screenwriter for nearly 30 years, scripting *The Colour of Money*, *Sea of Love* and *Ransom*, among others, and it shows. His translation of the Bronx demotic is impressive - at once clipped and punchy, and the prose has a verité sweep.

But the book is overlong. For an example of Price at his leanest and best, get hold of a copy of his 1974 novel, *The Wanderers*, reprinted to tie in with the publication of *Freedomland*. Structured as

a set of intricately-connected stories, the book takes a tough, backwards glance at 1963, a time when Bronx adolescents organised themselves into gangs and hung around playgrounds, dance halls and bowling alleys.

With no exposition and little description, Price cuts back his prose to deal solely with action and reaction. Perry's mother dies, so he beats up another schoolkid. Eugene doesn't know how to handle the rape of his girlfriend, so he joins the Marines. Their emotional confusion as they move into adulthood is heartbreakingly tangible.

But these kids have softer sides too. When disaster strikes one, the others rally round. The only constant in their lives is each other. Despite the bravado, it is only when they are faced with the furious psychosis of their fathers, teachers and older members of other gangs that we realise how harmless their machismo really is. These stories are hard hitting and gripping, and Price renders the vitality and frailty of youth with an exquisite sense of warmth and humour.

In Douglas Coupland's *Girlfriend in a Coma*, seventeen-year old Karen makes

FREEDOMLAND  
by Richard Price  
Bloomsbury £16.99, 546 pages

THE WANDERERS  
by Richard Price  
Bloomsbury £6.99, 239 pages

GIRLFRIEND IN A COMA  
by Douglas Coupland  
Faber £12.99, 281 pages

TOUGH, TOUGH TOYS FOR TOUGH BOYS  
by Will Self  
Bloomsbury £14.99, 244 pages

love to Richard one snowy night in 1979. Afterwards, she tells Richard she has been having "visions" and gives him a letter to open if anything happens to her. Later that night, Karen passes out while at a party and slips into a coma. At the hospital, Richard reads the letter and realises that Karen had anticipated her collapse, writing cryptically that she has been taken "hostage" for seeing "more than I was supposed to".

Richard learns that Karen is pregnant and their daughter, Megan, is born perfectly

healthy by Caesarean section. We follow the fortunes of Megan, Richard and the others through the 1980s and '90s. Richard becomes an accountant and hits the bottle, but continues to visit Karen every week. Others take heroin, or drift. One becomes a doctor.

Then, one day in 1996, Karen wakes up. She tells a nurse she is thirsty. Friends and family arrive, incredulous. The media invade the hospital and Karen's perfectly conscious mind feels like "a thousand TVs all playing at once".

The first half of Coupland's book is a witty, knockabout portrait of some warm touches. But we cover so much time in so little space that minor characters remain sketchy and the story skitters. Key moments, such as Karen meeting her daughter for the first time, are dealt with fluffily and we feel cheated.

More serious problems occur in the novel's second half. It turns out that Karen is a "barbinger" and her re-emergence into the world works as a device for Coupland's view of a dystopia. During a TV interview, Karen begins speaking in tongues of the coming apocalypse and, right on cue,

everyone in the world, except her and her friends, passes away. What could have been a revealing account of friendship and re-entry into the world turns into a muddled warning against spiritual bankruptcy.

The book starts out being reminiscent of revisionist films such as *The Ice Storm* or *Dazed and Confused* and ends up being a bad parody of *The Day the Earth Stood Still*.

If Coupland is drawing on American authors such as Ray Bradbury and Philip K. Dick, Will Self mines a peculiarly English brand of satire. His collection of seven short stories and a novella fall somewhere between Jonathan Swift and J.G. Ballard. Giants, bugs, drug addiction, cars, therapy and psychosis are his themes.

The opening story, "The Rock of Crack as Big as the Rita", is an amusing saga about Danny, a black ex-soldier, who discovers a seam of cocaine in his cellar. He enlists his dopey younger brother as a pusher and the two of them make it big. And that's it.

This is true of most of the stories. They crackle with ideas, but remain as ideas only. Self is a great selector of words, but combines them less successfully. The collection feels dissipated and underachieved, as though it was written during moments away from a bigger, more substantial project.

"Short stories for a fast life style!" proclaims the breathless promotional material. But if you really want to read a fast life style, you will read Car magazine, or Q, or Frank. Decidedly not P.G. Wodehouse.

"Our intention," says Waugh, "is to build a public perception of the Travelman short story as jazzy, up-market, well-edited product." Well-edited, certainly. But jazzy (itself a term which dribbled out of use in the 1950s) And how up-market can a little pamphlet be? Is it the eco-chic sustainable forest paper that swings it?

The truth is, Travelman short stories are as quaint and old-fashioned as the twopenny stories sold by Ruidyard Kipling on the Indian railways, which inspired Waugh's project. Just consider this: they each take about 15 minutes to read. Which journey today takes just 15 minutes to complete? It is more likely to be the length of time a train is held between stations. As for air travel, you would need to take 10 with you just to pass the time before taking off.

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ARTS

# Spectacular keepsakes of lost love

The death of Picasso's reclusive mistress last year has prompted one of the biggest sales of the artist's work ever seen, writes Nicholas Powell

Picasso's mistress, Dora Maar, once remarked that when he changed women, he changed everything - his apartment, his dog, his favourite poet, even his friends. And every time - and there were many, with two wives and five long-standing mistresses - his art changed too.

Dora Maar, a painter and photographer close to the Surrealists and extreme left-wing groups before the war, was the mistress who furnished Picasso's emotional and artistic life from 1936 to 1943. She was the witness, a favourite model, and the emotional victim

periods of Picasso's career. One is a magnificent realistic pencil portrait of the poet Max Jacob, a good friend and Jewish convert to Catholicism, who died in the French concentration camp of Drancy.

Most of the items, however, such as an illustrated manuscript book of Eluard's poetry and a mass of sentimental artistic keepsakes, bear the imprint of Dora Maar. The keepsakes include cheap pieces of jewellery, pendants for the most part, on which Picasso engraved or painted his mistress's portrait, along with masks, skulls, butterflies and silhouettes of Dora Maar's pet dog, torn out of paper restaurant napkins and tablecloths, with cigarette burns for their eyes.

Also included in the sale will be pebbles and pieces of sea-worn pottery, picked off beaches and engraved with the face of Dora, or that of a horned satyr, alongside whimsical little figures and animals which Picasso twisted into shape using the metal caps of mineral water bottles. There are also hundreds of photographs: Maar kept a faithful photographic record, among other things, of the hundred or so preparatory studies Picasso made for "Guernica", in which both she and her arch-rival, Marie-Thérèse Walter, his previous mistress, are portrayed.

The whole collection has been given an extremely conservative estimate of £15m, and should fetch far more.

Most of the works in Dora Maar's possession were seen after the war by Charles Zervos, a friend of the couple and author of the first catalogue raisonné of Picasso. But virtually none has ever been exhibited, as Maar shunned all contact with the outside world. Even her relationship with Paris's Musée Picasso, set up after the artist's death in 1973 and very much the work of the artist's second wife, Jacqueline Roque (who shot herself once it was completed in 1986) extended no further than occasional telephone conversations. Now, organisers of the October sale have been able to rectify some of the vaguer descriptions. An oil on canvas portrait of Dora Maar wearing green nail varnish, for example, described blandly as "Portrait of femme" by Zervos, will feature in the sale as "Dora Maar aux ongles verts" with an estimate of FF730-30m.

The relationship between Dora Maar and Picasso, who had been used to a series of submissive lov-



'I've only ever been able to imagine Dora crying', Picasso said: 'Portrait of Dora Maar in a Blue Blouse', 1936

ers, was stormy. Black-haired, finely featured, she was the first woman to stand up to him. They were first introduced in January 1936 by a mutual friend, the poet Paul Eluard (whose wife, Nusch, had a summer holiday fling with Picasso that same year) in the Saint-Germain-des-Près quarter. To attract the painter's attention, Maar started playing with a pen-knife and pricked her fingers; Picasso kept her bloodstained white gloves in his workshop for the rest of his life.

The Spanish Civil War broke out soon after the beginning of their affair. Given the symbolic post of director of the Prado Museum in Madrid by the beleaguered Republican government, and horrified by the aerial bombing, Picasso started work on "Guernica". Struggling to divorce his first wife, Olga, passionately in love with Maar and still frequenting Marie-Thérèse Walter, by whom he had an adored daughter, Maya, Picasso expressed his emotional conflicts in paint, portraying Marie-Thérèse wearing a dress of Dora's and mixing up the two women's facial features on the same canvas. Constantly lying to both of them, Picasso even booked the two women into separate hotels in Royan during the summer of 1939, using his secretary, Sabartes, who hated all female rivals for his master's affections, to keep them apart.

Picasso's output during the years he knew Maar, beginning with "Guernica", is expressive of the torment he felt not only on account of the Spanish civil war, but also of criticism from fellow countrymen for staying safely in France. In all its anguish, "La femme qui pleure", in the October sale and estimated at FF716-20m, is characteristic of such work. Long thought by Zervos to be a preparatory portrait of Maar for "Guernica" - "I've only ever been able to imagine Dora crying", Picasso once said - it is now considered to have been painted later. It forms a sharp contrast to the majority of works in Maar's collection, which bear witness to a tremendous feeling of calm.

Picasso also said of Maar that she reminded him of a drawing by Ingres, and a classicism completely at odds with his contemporary work marks a majority of pencil and ink drawings of her. Even down to two rapid sketches on the notepad of a Paris restaurant, dated September 27 1936, they fondly idealise the sinner's striking good looks, enlarging her already wide eyes, making her neat nose even neater, her black hair a sensuous mop.

The book of Eluard's handwritten poems, illustrated by Picasso and estimated around FF700,000, also contains a portrait of the artist's mistress. It is touchingly and knowingly dedicated by the poet to "Dora, enfant, poète et femme".

## Music Sintra needs a new baton

One venue is a miniature Versailles, another is a Moorish-Manueline palace, another a Gothic fantasy-castle on top of a mountain: Sintra's annual music festival has a head-start on others through its sheer eccentricity. Now in its 33rd year, it flies the flag for chamber music in a bosky corner of Portugal which entranced Byron two centuries ago, and which has scarcely altered since. The festival involves a mere dozen concerts - followed later by a similar number of dance events - but it has been of key significance in Portuguese cultural life. This is thanks to the extraordinary woman who presided over it from its inception until her death aged 96 two years ago, and whose garden still forms the festival's most romantic auditorium.

For it was no exaggeration to describe Olga Nicolis de Robilant - aka the Marquesa de Cadaval - as a walking piece of history. In her youth she knew Cole Porter, Diaghilev, Chaliapin, and Ravel (who wrote music for her). Stravinsky - a lifelong friend - embarrassed her somewhat by requesting that he be allowed to die in her Sintra mansion (she politely deflected him elsewhere). One of her younger protégés was Jacqueline du Pré, who spent her honeymoon with Daniel Barenboim in that same house.

But she did much more than run a salon. Musical life in Portugal had been a fairly stunted affair until the Marquesa - abetted by the Galbenzian foundation - erupted onto the scene. Setting up her festival, she steered a masterly course through the political rapids. For her concerts she persuaded Salazar - a man who abominated Jews and communists - to let her import quantities of both. "I simply told him that if you want the best, you must let me have my Russians. He agreed, provided I lodged them in my house, and took full responsibility for their behaviour." One of her most famous Russians was Vladimir Ashkenazy, who gave his opening concert this year.

But one now senses a problem. Luis Pavia Leal remains - as he was under the Marquesa's aegis - the festival's artistic director, but his day job is music boss at the Galbenzian. Running the festival as a sideline - and from 30 miles away - is not the best guarantee of quality. One concert I attended, by pianist Pedro Burmeister and violinist Gerardo Ribetrol, was predictably superb, but another, by a young pianist hopelessly unequal to the works he had chosen, was an embarrassing disaster. Moreover, the same names crop up year after year, and it is clear that the festival is coasting. No one could complain when one of those names is Maria Joao Pires, but the overall mix is too predictable, and far too thin. With only two events per week, the festival is simply not going to keep its place in the international calendar. Now is the time for Sintra - recently given the accolade of a Unesco World Heritage Site - to re-energise its festival, perhaps liaising with the excellent ones running almost concurrently nearby at Estoril and Capuchos. Then the world might come flocking.

Michael Church

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## Post-punk fantasies in 3-D

Lynn MacRitchie is hooked by the extraordinary works of the enigmatic Mariko Mori

There's something addictive about looking at Mariko Mori. Maybe it's the way her eyes never stay the same colour, changing from dark brown to bluey green to flashing silver. Maybe it's the way she keeps shifting from mini-skirted pop chick to plastic-suited cyber siren to silky-robed goddess floating in the air. Maybe it's those catchy little songs she sings in a funny tinkly voice. Maybe it's wondering what on earth she can possibly do next... Whatever it is, it is hard to take your eyes off her, hard to stop going back for more.

This summer she has taken over the Serpentine Gallery in Hyde Park. Mori has turned the newly refurbished gallery into a cross between a Japanese tea house and a temple, its marble-floored interior with its sudden vistas of the green depths of the park the perfect container for her unique blend of natural landscapes

and high-tech symbolism, huge post-punk photo dreamscapes of cyber spirituality.

Mori, 31, was born in Tokyo, and worked as a fashion model there before training as an artist at the Byam Shaw and Chelsea schools in London, and the Whitney Museum independent study programme in New York. Her status as a hot young thing in the world of international art stardom was confirmed when her piece, "Nirvana", created a sensation at the Venice Biennale in 1997. Being a hot young art thing has its advantages - plane tickets, studios, vast amounts of sponsorship in kind - and Mori's work couldn't exist without substantial support.

She works at the cutting edge of computer technology, making 3-D videos and billboard size combination photographs using spectacular natural landscapes - the Dead Sea, the Gobi Desert, a cave full of stalagmites and stalactites - overlaid with space age fantasy objects and flying deities to create an imaginary land where past, present and possible future collide in a moment of disturbing stillness.

The figures in the photographs are all Mori herself. It is she who hovers over a cleft in the Gobi Desert,

each other fondly as they float in a clear capsule over the Painted Desert, flanked by massed ranks of high-tech windmills and the looming shape of the Biosphere. These enormous, extraor-

inary photographs have equally strange titles - "Burning Desire", "Mirror of Water", "Entropy of Love" (all 1996-98) - which refer to the mish-mash of Buddhist and other Eastern philosophies she uses to explain what she is doing.

All this might suggest that her work should best be approached with a certain scepticism. Certainly, in "Miko no Mori", a 1996 video first shown in London in 1997 and now to be seen at the Serpentine, the artist seemed compelled to present herself as a sub porno space creature in dinky plastic outfits. But even there, there was something engaging about the music, and the gleaming crystal ball suggested something a little more interesting than the merely suggestive.

Then, in Venice, "Nirvana" worked its magic. Huddled in a hot crowd in the dark, looking through ridiculous plastic glasses, I was ready to sneer, but instead was won over by a 3-D fantasy. Mori, dressed in an elaborate costume like a Japanese goddess, floats into view escorted by six jolly little animated creatures playing traditional instruments, accompanying her as she sings "Take me to heaven." It is impossible not to be delighted as they seem to whiz out of the screen over the audience's heads.

Talking in London, Mori agrees that part of her appeal to the western art world is that of exoticism, the stereotype of the mysterious and beautiful woman from the east. She has not shown her work in Japan, and so its impact within an Asian culture is unknown. But her decision to return to Japan and to make use of the experiences that have most impressed her there (an eclectic mixture of travelling, museum and temple visits - she makes no claims

to be a serious student of Asian religions or cultural history) have helped her move away from the often sexually or gender-fixated work of her London and New York contemporaries to something different, something she very much wants to be more profound.

Daughter of an inventor and a historian of European art, she now combines a rediscovery of her own Japanese past with an attempt to make the most innovative use of technology. A prototype of a work now in progress is the first thing visitors see on entering the gallery. "Enlightenment Capsule (Prototype)" is a lonesome, blossom like object made of perspex, bathed in a clear, intense light produced by a Himawari, a type of prism invented by her father which concentrates and redistributes sunlight. The finished capsule will include a platform for meditation, levitating by means of a magnetic field.

Whether this extraordinary project succeeds or not, the development in both form and content evident in the three years between the latest work in the show, "Kumano" (1998), a photo and video piece still in progress, and its earliest, "Birth of a Star" (1995) is impressive. The mysterious and graceful dancer in the woods in "Kumano" is worlds away from both the pastiche of "Nirvana" and from the 3-D photo pop chick of "Birth of a Star". Whether or not Mori ever succeeds in literally flying through the air, if her work continues to progress in such technical and psychological leaps, there is no telling what she might achieve.

Mariko Mori: Serpentine Gallery, Kensington Gardens, London, W2 3XA to August 9. Sponsored by Bloomberg News in association with The Times metro section.



Hot young thing: Mariko Mori's 'Birth of a Star', 1995

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## ARTS



Scene from Shyam Benegal's 'Ankur' (1973) whose success led to the beginning of the New Indian Cinema. Today, directors of realist Indian dramas are moving abroad

Hyphen Film Collection

## Exile beckons for movie heroes

In the second of two articles about Bollywood, Nigel Andrews considers the future of Indian cinema

Wasn't there a time — many incarnations ago — when as scarf-wearing students we all bled off to the latest Satyajit Ray as both pleasure and sacramental duty? And later still to the new Shyam Benegal (*Ankur*) or Mrinal Sen (*The Royal Hunt*)?

Back in the 1960s/70s a whole culture, or whole land, opened up before us. We watched starkly beautiful films about penury-defying village life or protocol-defying middle-class love, spiced with Tagore poetry or Shankar music. And in response to that movie-led cultural apocalypse the Beatles went off to India. Merchant met Ivory. Hosse's *Siddhartha* became a movie, and incense sticks perfumed every student die.

Today, what? With a new Indian movie opening in London this week, Rajan Khosla's *Dance Of The Wind*, and a mini-festival of Bombay films kicking off at the ICA next week, it may be time to ask: What ever happened to Indian cinema? This brief peroxysm of celluloid highlights the rarity with which such events happen at all nowadays. Ray is dead and Indian cinema is a sleep culture penned up in its own populism. Songs, dances, unheard-of stars (at least to the west), unbelievable love stories. In a word "Bollywood".

Yet the signs are that art cinema, or what Indians call parallel cinema, is struggling to revive. A handful of films such as *Bandit Queen*, *Kama Sutra*, *The Square Circle*, *Death Sentence* and now *Dance Of The Wind* — most made by directors in exile — are trying to re-awaken independent Indian film. They are full of challenging issues: feminism, the caste system, religious intolerance. And many draw on outside finance to showcase their country's problems, and shame their country's financiers.

"I couldn't have made *Bandit Queen* with Indian funding because the government would have been

afraid of private money would have wanted songs and dances," says Shekhar Kapur, whose violent account of the real-life female brigand Phoolan Devi, largely funded by Britain's Channel 4, ran into censorship lawsuits within weeks of opening in India.

"It's a film about an uprising. And there is huge fear in India because over 50 percent of the people are lower caste."

No wonder he works a lot outside India, having recently completed the opulently costumed *Elizabeth* (the First) in England. Likewise Mira Nair left her homeland soon after making *Salaam Bombay!* and fought her Indian censorship battles over *Kama Sutra* from abroad. And *Dance Of The Wind*'s Rajan Khosla lives in London where he told me that the film's funding came from six different countries, none of them India.

When Khosla tried to find a distributor there for this delicate tale of tradition versus self-expression in Indian classical music he was told, "Don't waste your time and energy. Put it on TV." His next film will be made in London: "It's an Anglo-Asian love story. I want to look at India's colonial past and what it has done to our psyche." Nothing worse, surely, than what India's present is doing to its culture and movie soul?

London-based film scholar and documentarist Nasreen Munni Kabir thinks the problem with any bid to re-stimulate India's art films is that it is still a repressive country even after decades of exposure to the lyric liberalism of Ray, Sen or Benegal. As she points out, the country in a popular sense wasn't exposed to this cinema at all. "Ray started working in 1955, but though his films were seen in Bengal and abroad they never impacted on Bollywood or the big Hindi audience." For that audience Ray's austere, songless neo-realism was almost a foreign country. "The spectacle, the big film with songs and dances, has never died in pop-

ular Indian cinema," Kabir says. "The closest that Hindi musicals ever came to seeing their monopoly dented was in the 1970s. A young commercial director, Shyam Benegal, made a hit realist drama called *Ankur* whose crossover success — an absorbingly told story with hints of feminism and social critique — led to the beginning of the New Indian Cinema."

Though Benegal today credits Ray as his inspiration, "He articulated the feeling that mainstream cinema was unconnected with

**Satyajit Ray is dead and Indian cinema is a siege culture penned up in its own populism**

Indian life" — this new movement developed its own identity, helped by a chance convergence of historical facts. "Young people at the new Pune Film Institute saw and were influenced by films from Europe and Japan, which they had never seen before," Benegal tells me. "At the same time new quota laws cut the number of Hollywood imported films by half, so suddenly all these cinemas that had been catering to western tastes, to dramatic stories without music, were empty for us."

They soon filled up with finely-crafted social dramas whose characters actually looked like human beings, not gods or Hindu Barbie dolls. And the occasional spark of political controversy kindled audience interest even more. Benegal's 1977 *Nishant*, about a true-life village uprising, was banned until its director went to see Mrs Gandhi personally. The film was then released on condition that it included a caption saying the events depicted "occurred before India became independent"

(though they didn't). "It was hilarious in cinemas," Benegal says. "Everyone knew it was nonsense. They just laughed."

So why did this thriving new cinema go into such steep decline? For Benegal the answers are simple. "Like any new wave this one lost its freshness and became formulaic. At the same time television boomed and the core audience just moved to TV." Shekhar Kapur agrees: "Television and video killed the socially conscious small film. Why go out when you could see it at home?"

Kapur thinks there was another reason, too. Central funding was harder to get because the government realised that more and more of these films were anti-establishment. "In the last 20 years politics has become so corrupt that the villains, even in some popular films, are always politicians or policemen. That was never the case in the days of Nehru and Gandhi."

So today's Indian cinema finds itself in a kind of multiple catch-22. The more radical and arresting a film's themes, the likelier the film itself will be arrested, delayed, or censored. As a result the Indian director wanting to focus on his homeland's social problems may well end up quitting his homeland to find the funding.

One answer, according to director Prakash Jha, is to end the divide between popular and parallel cinema altogether. His recent film, *Death Sentence*, shown at last year's London Film Festival, is a social drama with Bollywood trimmings. Starring top Hindi mainstream actress Madhuri Diak, its tale of marital cruelty, murder and female uprising was made in two versions, one with songs (!) for home consumption, one without for foreigners.

"There was a lot of debate about 'Middle Cinema' when *Death Sentence* came out in India," Jha says. "It's the first film in this genre, with a big star crossing over to make a movie with strong social

themes." The film did poor business in India, though, and hasn't caught on abroad. One sees why. The two conventions — social realism and Bollywood melodrama — don't mix, or not in the jarring alternations we have here between pantomime good-and-evil and neo-realist message-mongering. And although Rajan Khosla of *Dance Of The Wind* tells me his film is also an example of Middle Cinema, he seems to contradict himself by saying, "I had two choices, to make it as a mock-international product in English and so on, or to be extremely culture-specific and then try to touch the universal through that. That's the path I chose."

Prakash Jha is adamant that Indian film must go forward not back. "Parallel cinema in the old sense cannot revive. The economy as a whole has gone past the stage of subsidising culture. And even in the years of Shyam Benegal, art cinema made no inroads in establishing its own exhibition network that later generations could use and benefit from."

So for some time to come India may be left with the hit-and-run independent movie sector it has today: a kind of government in exile whose foreign-funded leaders dash home briefly to wield a camera, then return to their foreign cutting rooms, foreign preview theatres, foreign audiences.

It is a form of colonisation in reverse. And India's culture apparatus should do something about before it gets even worse. *Dance Of The Wind*'s star Kirti Gidwani, a prominent actress on Indian TV, told me from Mumbai the stark state of things. From her viewpoint Indian independent cinema is a diaspora waiting to happen — or happening already.

"There's no money here for good filmmaking, so everyone leaves. Most of my friends and the people I'm hoping to work with live abroad. So I guess if that is where 'Indian cinema' is today, I'll have to move abroad as well."

## Television/Christopher Dunkley

### A weekend of goodies

Just as any remark from a sports commentator about the good form of a team can be guaranteed to produce immediate disaster on the field, so any television critic condemning current output can be certain that the following few days will be marked by wonderful programmes. My Wednesday column this week complained about the dire summertime schedules and, sure enough, here comes a weekend with all sorts of goodies spread across several channels.

This evening Channel 4 offers the Glyndebourne *Simon Boccanegra*; BBC2 devotes *Bookmark* to a profile of Mervyn Peake, author of the *Gormenghast* trilogy, a programme which shows that the author/illustrator ended up not only suffering from the sort of mental affliction which so preoccupied his writing, but looking eerily like one of his own caricatures; and on Channel 5, of all places, you can see one of Woody Allen's better movies, *Crimes And Misdemeanours*.

Tomorrow, however, there is an even more impressive menu. At 7.00 pm BBC2 screens the first of a five-part series called *The American Dream* which is about just that: what it means to come from an old WASP family like Chub Peabody's, or to have been involved in the famous battle between Ford and the unions. It is a superb, conventional, solidly built, exhaustively researched, beautifully illustrated social documentary of a sort which British television seems almost to have stopped making for itself. This is ironic, given that the BBC is one of the co-producers of *The American Dream* which was created for its American partner, the Discovery Channel.

With its telling use of archive stills, the wide social range of its interviewees, and its carefully scripted structure, it provides a vivid reminder that despite — those rinky dinky documentary soap operas about hotel staff or traffic wardens which have been stuffing the British schedules — are not the only sort of documentaries you can make.

Of course the US (despite its crime, drug and race problems) is a country still characterised by self-confidence and a profound belief in the American way, which is much the same thing as the American dream. Britain on the other hand, despite all the drivel about Cool Britannia, is still suffering from post-imperial depression. If the BBC has not entirely forgotten what public service broadcasting is for, it should surely be working on series as good as this about Britain and interested for the British.

At 8.00 the same network offers another programme in its "Sculpture Season": *The Art Of Remembering*. Presented by sculptor Sandy Stoddart, this is a programme with the sort of thesis that you might have thought completely taboo these days. Stoddart argues

that it is time to bring monumental sculpture back into fashion as a means of commemoration (for Princess Diana, for instance); that modern styles are quite wrong in this context, being deeply unpopular with the public; and that we should abandon the prejudice against neo-classical forms which has predominated ever since Hitler and the Nazis adopted them: "It's just too simple to put modern art and liberalism on one side, the side of the angels, and those supposedly inseparable bedfellows, fascist art and neo-classicism on the other". Stoddart talks more sense and shows more ignored sculpture in 50 minutes than the last 10 politically correct arts series put together.

You may need to have your VCR on while watching it, because at eight o'clock Channel 4 shows the first of a terrifying five part series about business called *Your Money And Your Life*. This week's programme follows the fortunes of Christopher Folklard, company secretary of Macey Precision Gears, as he robs Peter to pay Paul in an interminable battle to prevent the Inland Revenue auctioning off the company's machine tools, keep the factory agent on his side, stave off the landlord's demands for rent, maintain ownership of his own home, and so on. Non-business types may watch in incredulity, wondering what potential long term benefits could possibly justify living in this state of permanent neurosis. The programme ends with the promise that "the extraordinary story of Macey's is far from over", but will any of us be able to bear to switch on next week? Then again, can we resist?

Channel 4 follows that at nine o'clock with a programme about a somewhat different sort of business. Starting with the notorious theft of a Caravaggio from a chapel in Palermo in 1689, this week's *Art House* shows how the trade in works of art has become inextricably bound up with the trade in drugs and weapons among the world's major crime syndicates, from the Cosa Nostra to the IRA and the Colombian cocaine kings. The programme suffers from some irritating production misadventures — "reconstruction" shots of fast driving through Italian towns for example — and it contains little that is new. Yet it is well worth its 55 minutes for the way it pulls together the disparate international constituents and shows how works of art provide a cleaner form of exchange than cash for the world's crooks.

It is still true that broadcasters use the summer holidays as a time to dump a lot of third rate material into the schedules, but with the programmes on offer this weekend it would be difficult to sustain the argument that that is all we are currently getting.

Andrew Clark

Radio/Martin Hoyle

## Quiet and courteous

The elderly voice was courteous but insistent. "Let me finish what I'm saying. I don't mind being interrupted but I think it's interesting" — and put the shouting matches of *Today*, for instance, to shame. It was to the credit of producer Rebecca Moore and interviewer Simon Parkes that they kept it in.

But then Parkes is one of the better presenters, as this series, *Parkes and Gardens*, shows. Not strictly speaking a horticultural programme, the theme can be social as much as botanic. Parkes visits historic gardens, national parks like the Yorkshire Dales, or those individual labours of often eccentric love that have contributed so much to English gardening. His reprimand came

from the charming and eloquent Christopher Lloyd of Great Dixter, Sussex, whose recollections of his parents' attitudes to the garden evoked a whole vanished society.

Parkes turned his hand to *The Food Programme* recently and proved to be one of those quietly tenacious investigators who need no chest-thumping personality cult to embarrass officialdom with pertinent questions. The subject was the Millennium Dome and its choice of the best of British food. There were ominous murmurs of relying on high street suppliers and well-known names. Mandelson for the same old junk. A spokesman insisted that the dome and its catering contractors had been planning for three years. When it was pointed out that the contractors have not yet been chosen, he fell strangely silent. Either it's a put-up job or nobody's prepared a thing. The catering bids fair to be as farcical

as the public transport. It was one of a number of recent programmes (including *Inside Money* and *You and Yours*) that unsensationally, unmaliciously, and more in sorrow than in anger, revealed fine-sounding government schemes to be hollow, impracticable or irrelevant. The most disturbing feature is the refusal of officialdom to reply to questions. Those who thought the Tories arrogantly unaccountable are now seeing the more alarming phenomenon of government by headline, sound-bite and photo call.

How will Tony Blair come out of some future edition of *Case History*, I wonder. This intriguing series is presented by Roy Porter, the BBC's resident historian, with the irritating nervousness of a door to door salesman — which is, I suppose, how the BBC feels it must market anything vaguely cultural these days. A medical investigation of historic figures throws up some fascinating facts. We all knew that

Anthony Eden's health problems affected his judgment at the time of Suez but it was a revelation that the government, even the RAF, refused him a free flight to America, the only place where the necessary operation was available. The journey was made possible by a whip-round among his friends.

Last week's subject was the Kaiser, he of the withered arm and monstrous inferiority complex, a liking for *HMS Pinafore*, the grandson in whose arms Queen Victoria died. I had always felt slightly sympathetic, remembering his final exile, living "the life of an English gentleman" in Holland, impressed by the fact that Churchill had offered him shelter in Britain in the second world war. But the programme revealed his poisonous anti-Semitism, his congratulations to Hitler on the latter's conquests, and the basking in reflected

glory of the German army commanded, the Kaiser pointed out, by his own young officers.

But that difficult breach birth had marked him for life. The nerves in his left shoulder and arm were killed. The paralysis was not diagnosed; there followed such barbaric practices as strapping his good arm down, clamping a disembodying hare on the stunted limb, salt and water treatment, electric shock treatment... And the baby's brain had been starved of blood for seven or eight minutes: besides an inferiority complex, the future King of Prussia and Emperor of Germany was dangerously unbalanced. Yet he reigned over a golden age when Germany was more stable than Britain (already crumbling around the Irish edges).

In a burst of political Euro-correctness the programme praised the great German people for surviving two manias in one century without, it implied, being compromised. It seemed to overlook the fact that Hitler didn't man those gas ovens, freight trains and Gestapo interrogations single-handed, even with two good arms.

The reason lay partly in

Obituary

## Hermann Prey

Geniality was the touchstone of Hermann Prey, the roles they played: where Fischer-Dieskau excelled at figures of tragic humanity, Prey was happier portraying opera's fall-guys, buffoons and put-upon husbands.

One would be hard put to find a more handsome town-clerk, or a less caricatured suitor, than his Beckmesser in *Meistersinger*. His Eisenstein in *Die Fledermaus* was a masterpiece of comic self-deprecation, and he was Salzburg's reigning Mozart baritone for nearly two decades under Böhm and Karajan. His keen phrasing and generous, instantly recognisable timbre made him an equally persuasive interpreter of Lieder.

Thanks to those gifts and a string of influential recordings, Prey became one of the most established German singers of the postwar era. And yet he never quite earned the mantle of greatness worn by his elder compatriot, Dietrich Fischer-Dieskau.

The reason lay partly in

the roles they played: where Fischer-Dieskau excelled at figures of tragic humanity, Prey was happier portraying opera's fall-guys, buffoons and put-upon husbands. Papageno, Rossini's Figaro and Strauss's Storch were natural territory for him.

He was just as talented as Fischer-Dieskau, and had a more beautiful voice, but lacked the same seriousness of purpose. Latterly he tended to take his gifts for granted.

Prey was born in Berlin in 1929 and made his debut in 1952 as Moruccio in *Tiefland* at Wiesbaden. After spending most of the 1960s in Hamburg, he appeared in Salzburg in 1969 as the Barber in *Die schweigsame Frau*.

The following year he made his debut at the Met in New York, singing Wolfram in *Tannhäuser*, a role he repeated at Bayreuth in 1965. Having made his Covent

Garden debut in 1973 as Rossini's Figaro, he returned as Guglielmo, Papageno, Eisenstein and Beckmesser.

I first heard him as Beckmesser at Bayreuth in 1961. It caused a sensation because for the first time in memory Nuremberg's bachelor town clerk was portrayed as a plausible suitor for Eva's hand: one felt he had been hard done-by — a fact recognised by Sachs as he joined arms with Beckmesser at the end.

Prey had another unexpected success as the authoritarian Friedrich in Wagner's *Das Liebesverbot* at Munich in 1963. While it is final years, I have one abiding memory — of Prey Strauss's "Habe Dank" at the re-opening of the Prinzregententheater two years ago. It was a fitting epitaph to his own career.

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SPORT

# When Grace was in favour and the Gentlemen were in charge

David Kynaston traces the imposing heritage that still weighs heavily on English cricket today

There were two ghosts at Lord's last Saturday: Princess Diana's, for whose memorial fund an MCC team played a Rest of the World side in a one-day match; and that of W.G. Grace, the greatest cricketer of all time, the 150th anniversary of whose birth it was.

The match itself, featuring international stars and played in front of a near-capacity crowd, had the flavour of so many limited-overs contests: enjoyable but quickly forgettable. Only eight wickets fell, the fast bowlers were pardonably reluctant to bend their backs, and there was some fine stroke play, mixed with clubbing thumps, notably from the international players involved.

There was no starring role for the two English players (Mike Atherton and Graeme Hick), but as MCC subsidised to a six-wicket defeat, few tears were shed by men in the club's ties. Perhaps all sorts of individual rivalries were being played out within the larger framework. It was impossible to tell. Ultimately - for all the pleasure of sitting in the sunshine at Lord's, now a modern, elegant ground that has mercifully avoided the grandiose - it was a bland occasion. How different, I could not help thinking, from the same venue exactly 100 years earlier, on July 18 1898, when an altogether more compelling match took place, encapsulating the brutality as well as the splendour of cricket's so-called Golden Age.

The occasion was the annual highlight of the Victorian fixture list: the three-day contest between England's leading amateur and professional cricketers, or as their preposterous, acutely class-conscious tag identified them, between the Gentlemen and Players. Grace, as a doctor practising in Bristol, was firmly on the amateur side of the great divide, though in reality, through a variety of largely covert payments, he earned far more from playing cricket than any of the often capriciously treated professionals.

The term, "shamateur", had not been coined, and instead Wisden Cricketers' Almanack took refuge in a reassuring saw, "like customs, courtesy to kings". In July 1898, Grace was still king - the most famous man in England, following the recent death of Gladstone - and with his 50th birthday falling on July 18, there was no more fitting way to celebrate. Eyebrows were raised at one selection for the Gentlemen: Charles Kortright of Essex, the fastest bowler of his day and probably one of the fastest of all time.

Nine days before the great match, Grace was playing at Leyton for Gloucestershire and ran into a trio of Kortright enemies. The first had him peevishly leg-before, but the umpire, receiving a bearded glare from the other end, was too scared to put up his finger. The next ball Grace nicked, but as

usual he refused to walk, and again the umpire shook his head. The third ball paid for all, uprooting the middle and leg stumps.

"Surely you're not going, doctor," Kortright called out. "There's one stump still standing." Back in the pavilion, Grace declared that he had never been so insulted in all his life, while it was only by dint of much persuasion that Kortright agreed to play in the Jubilee match.

At Lord's itself, huge and enthusiastic crowds saw three days of intensely combative cricket. The Players had the edge throughout but, following rain, the Gentlemen had the worse of the conditions, in what was still the era of uncovered wickets. Kortright bowled ferociously, especially on the second evening when he had little Bobby Abel - the lamplighter's son from Rotherhithe, and a great run accumulator - retreating

**'Surely you're not going, doctor,' Kortright called out. 'There's one stump still standing'**

towards square leg. Ignominiously bowled for 5, and accused afterwards of cowardice, he replied with unanswerable logic: "Well, I am the father of six children, and there are plenty of other bowlers to make runs off besides Mr Kortright."

Kortright and his captain were still barely on speaking terms when they came together on the last afternoon to try to save the match. Grace, with a badly bruised hand, kept one end going, while the more impetuous Kortright struck out boldly. At 6.30 the crowd raced over the grass, believing they had got the draw, but it transpired that the captains had agreed to play an extra half-hour. With the clock seemingly going backwards, and the tension unbearable, the professionals were denied until the very last over, when off the third ball Kortright, not out 49, could not resist going for glory. He holed out at cover, and the Players had won by 137 runs.

On the balcony afterwards, Grace and his partner, now comrades in arms, acknowledged the cheers. The birthday party was over. Two of those who played (one on each side) would commit suicide within the next 20 years. Grace, unnerved by the Zeppelins, would die in October 1915 at the age of 67. Abel would need a Daily Mail fund to keep him going after his sports equipment business collapsed.

Kortright would live long enough to tell John Arlott that cricket in his day had been "a clean game" and that "if anyone didn't play clean, well, he heard all about it". All 22 players were

dead by January 1968, when at last the two-class system in English cricket was abolished. It left a lasting legacy.

Administration remained for many years largely in the hands of the old school - honourable men, lovers of the game, long on birth and social networks, but instinctively hostile to marketing and modernisation. In the age of Thatcherism, as the estate agents took over the Tory party, successive chairmen of the England selectors were those upstanding Cambridge university amateurs, Peter May and Ted Dexter.

England have now endured five one-sided series defeats at the hands of Australia, the most humiliating sequence in the national team's history. No one has epitomised the malaise more than David Gower. A public school product, and a purveyor of utterly delightful cover drives and leg glances, he underachieved in his career by at least 25 per cent. Here, his fallibility was tolerated, even welcomed, as the price of charm; a tougher-minded, more egalitarian environment - an Australian environment - would have compelled him to make the most of his abundant talent.

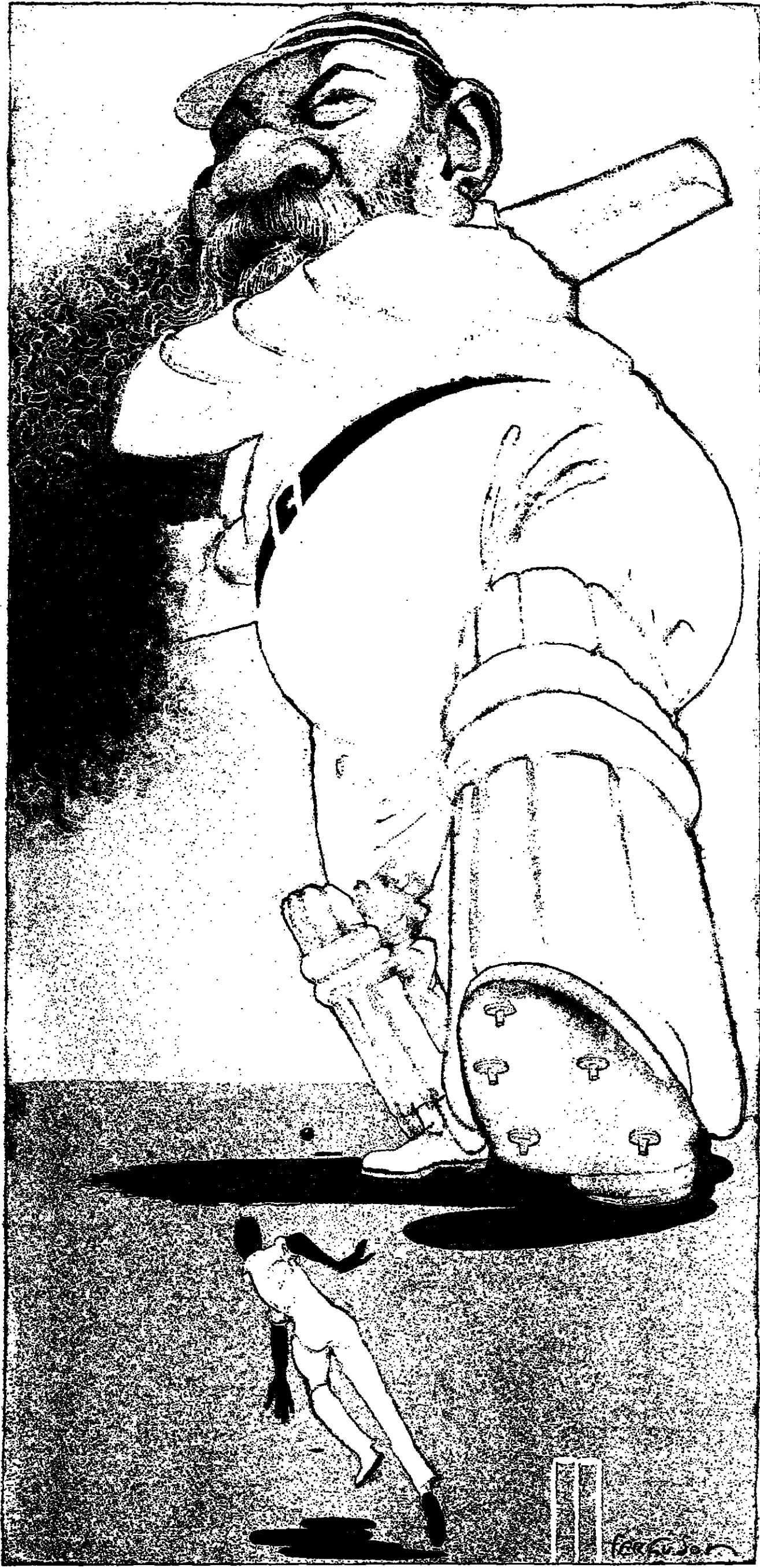
There is one other point. Grace probably thought the deathless phrase, "It's not cricket", a curious way of describing rugby football, but the unfortunate fact was that his fellow-Victorians burdened a robust 18th-century rural pastime with all sorts of ethical, imperial and even spiritual preoccupations that have placed an impossibly heavy load on English cricket this century.

As Grace knew in his bones, cricket is only another game - the best of games, to be played reasonably fairly and certainly without quarter, but only another game. Now, with society having changed so fundamentally in its tastes and governing codes, cricket is waking up to face the brutal truth that it has become more marginal in the national life than at any time since Grace's birth.

Such were my gloomy reflections last Saturday at Lord's, sitting in the same part of the ground where I had first gone to 1961, taken by a forbearing stamper to see the touring Australians play, yes, the Gentlemen of England. Happily, despite the now ritual Ashes disasters, the crash helmets, the tiresome Mexican waves, and the unimaginative refusal to let children sit on the grass by the boundary rope, some of the magic survives.

The highlight for my teenage daughter was encountering one of her heroes, Warwickshire's colourful quick bowler, Ed Giddens. After so many sterile years of two classes and one sex, let us hope for a future of one class and two genders.

**The century story of WG's Birthday Party by David Kynaston is available from Night Watchman Books, 10 Selwyn Road, New Malden, Surrey KT3 5AT at £13, postage and packing included.**



## Drugs in Sport

# Swimming against a tide of slurs

Pat Butcher suggests that justice is not always seen to be done

Until Michelle de Bruin, née Smith, arrived on the scene, Ireland had never had an international swimming champion. Indeed, a country of 3.5m souls did not boast a single Olympic-sized pool.

But now de Bruin, the winner of three Olympic gold medals in Atlanta in 1996, is suspended from competition, accused, on the basis of two separated A and B dope tests, of tampering with her urine sample. She denies the charge, claiming the sample was clean when it left her home three months ago.

She has signalled her intent of taking an appeal to the recently instituted International Court of Sports Arbitration (CAS), which, like the international swimming federation (FINA), which has suspended her, is based in Switzerland.

Falling satisfaction there, she is likely to go to the civil court, a protracted process which was undergone with ultimate success by Britain's Diane Modahl in respect of an alleged positive sample taken four years ago. Although exonerated and reinstated by the international athletics federation, Modahl is still seeking reparation for costs running to more than £500,000.

However, unlike Modahl, there has been a reasonably long history of suspicion about de Bruin's performances, which first surfaced at the European championships in 1994. A hitherto unremarkable performer, who had never even won a regional title for the US university she attended, the then Smith started shattering Irish records and winning international titles.

She ascribed the metamorphosis to the training methods of her future husband, Erik de Bruin, a Dutch discus thrower she had met at the Barcelona Olympic Games in 1992. The trouble was that de Bruin's career had ended shortly afterwards, when he failed a dope test. This collision of elements started a trickle, which was to turn into a flood of accusation and suspicion.

The dam broke in earnest at the Olympic Games in Atlanta. Janet Evans of the US who, as a spunky teenager, had won the 400

metres freestyle gold in Seoul in 1992, finished ninth in the semifinals in Atlanta, thus missing the final. Backed by several US coaches, who had known Smith as a middling performer during her college days, Evans openly accused Smith of illegal performance-enhancing, ie taking drugs. The US media took up the claim.

Smith had one powerful apologist, President Bill Clinton, maybe mindful of the strong Irish lobby on Capitol Hill, or simply of his own distant antecedents, told Smith to grin and ignore it. After all, it had worked for him for years. And so it would for Smith initially, with a bit of help from a competitor.

What could have been one of the nastiest press conferences in Olympic history after she won the freestyle gold became an exercise in damage limitation. A slight man leapt to his feet with a tape recorder, and started asking

questions in a language previously unheard in the Olympic media arena. Smith responded fluently in kind.

They were speaking Gaelic. Smith had attended one of Dub-

**'Few cared how athletes accomplished bringing home the gold'**

lin's Gaelic language secondary schools.

The questioner was, in fact, a colleague. As an international sports star who speaks the language, Smith was a regular contributor to the Gaelic network. The dialogue, incomprehensible to everyone else, continued with

smiles and laughter. The malign atmosphere was defused, temporarily.

But the slurs stuck, to the extent that Smith did not profit as much from her Olympic feats as might have been expected of an athlete whose compatriots have never threatened gold at that level. Indeed, so bad had been the publicity that the single sponsor she had had before the Atlanta Games dropped her afterwards.

It may be that Michelle de Bruin is as innocent as Ben Johnson was when he tested positive, first in Seoul, then four years later, in Canada. But why is it that these Irish and Canadian athletes are assumed to be guilty when their competitors, principally from the US, are running or swimming similar times? As de Bruin points out, she has still not swum as fast as Evans, one of her accusers.

What American athletes do

have, in contrast to Ireland and Canada, is political clout in the sports arena.

Robert Vov, former chief medical officer of the US Olympic Committee, has written a book *Drugs, Sport and Politics*, which is chock full of instances of US competitors in a variety of sports being exonerated without their alleged offences ever being made public.

In one case, for example, the US discus thrower John Powell had failed a dope test at his first national championships before winning a world championship silver medal in 1987 in Rome.

According to Vov: "During the testing process, Powell did not seem the least bit worried, concerned, upset or remorseful. He went so far as to say, 'I don't care what you find. If you find something, so what?' He must have known there were forces in his corner, forces that could protect him and set him free."

Vov's forthrightness on the subject of drugs drew him into such conflict with the US Olympic Committee that he was finally forced out of his post. He wrote: "I understood that many people at the USOC were in the business for one reason: to bring home the gold. Just how the athletes accomplished that - well, few cared."

Seven years after his book was published, Vov's only connection with sport today is as vice-president of USA (amateur) Boxing. Contacted at his medical centre in Las Vegas this week, he said: "Hardly anything has changed. The analytic system hasn't been upgraded, no more money has been allocated, and testing hasn't become universal."

"The fuel for sport is money, and it's not in the interest of any sport's chief executive to reveal anything that will deter sponsors."

Since the fall of the Berlin Wall, US competitors consistently win far more golds, and about half of all available medals, in the Olympic Games and world athletics and swimming championships. The only leading US athletes ever to be banned for drugs - world record-holders, Butch Reynolds and Randy Barnes - tested positive outside the US.

## Television Christopher Dunkle

# A weekend of goodies

Just as the summer holidays are in full swing, so too is the television season. The BBC's *Ant and Dec's Saturday Night Takeaway* is back, and the Channel 4 *Comic Relief* special is on. The *Comic Relief* special is a collection of sketches and songs, with the usual *Comic Relief* style of over-the-top comedy. The *Ant and Dec's Saturday Night Takeaway* is a collection of sketches and songs, with the usual *Ant and Dec's Saturday Night Takeaway* style of over-the-top comedy.

Y ou may need to wait a while before the *Comic Relief* special is on. The *Comic Relief* special is a collection of sketches and songs, with the usual *Comic Relief* style of over-the-top comedy. The *Ant and Dec's Saturday Night Takeaway* is a collection of sketches and songs, with the usual *Ant and Dec's Saturday Night Takeaway* style of over-the-top comedy.

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## Champion

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# How to Spend It



Clockwise, from far left  
 □ How beaded - Naomi Campbell as Pocahontas at Dior.  
 □ The seal of success with slashed black shirt and seal skin A-line skirt by Thimister.  
 □ Feather your nest in white wispy zipped suit by Donatella Versace.  
 □ A distinct bias, in layered claret chiffon by Adeline Andre.  
 □ Visible assets - black corset dress with scarf and orange beaded bikini showing beneath - by Gaudier.  
 □ Strictly Chanel - slender black jacket in light tweed with black and gun metal devoré beaded skirt.  
 □ Suit de luxe, in black corseted satin with white bow and jet collar by Christian Lacroix.  
 Illustrations: David Downton

## Fashion

# The glitz will be remembered

But Avril Groom in Paris argues that it only gets in the way of some fine designs

The soil under foot was the red sand of south-west America's Navajo country. The scents were the spices of a Moroccan souk and the herbs of the Mediterranean maquis.

The setting was an iron lacework gazebo from a Parisienne garden. It was hard to

believe this was platform 20 of the Gare d'Austerlitz until it thundered the Diorient Express, bearing on its front a reincarnation of Pocahontas in yellow summery pleated chiffon, appliqued in silk with a geometric motif of Navajo art.

This was haute couture in all its pomp, as only LVMH's millions and John Galliano's

outsized imagination can produce it.

Cut from Dior's show to the disused floor of the Musée des Arts Décoratifs where graffiti plaster walls and a solo cello provided the backdrop for young couturier Josephus Thimister's exercise in modern simplicity, where the only non-neutral colour was a lacquer yellow and the only accessories twists of black net in the models' hair.

These shows, which followed each other, revealed in starkest relief the twin driving forces of haute couture as it gets ready for a new century - publicity versus the client. Built for television, the Dior show was a brilliant display of couture craftsmanship, including probably the most expensive outfit ever made by top embroiderer Lesage. Clothes to wear, however, were thin on the ground.

How the show got from Red Indians to the souk to Henry VIII, only Galliano knows and his ingenuity at least must be applauded. But it is unhelpful that the abiding images will be of a Navajo crinoline or a Holbein puffball coat, rather than beautiful velvet dinner dresses with the mere suggestion of a ruff, a slender black suit with a whittled doublet jacket, high-waisted Medici gowns with Chinese embroidery or the unlikely but successful mix of a yellow top dress and a cavalier frock coat, both in gold-encrusted navy wool.

These, ordered in various guises, will keep Dior couture ticking over for another season while the perfumes and accessories run riot on the notoriety of outrageous fancy-dress images.

Thimister is trying hard to build a modern customer base - the kind of woman who does not mind a little deconstruction in the form of raw edges, of the finest net mixed with dressmaker's toile, or visible wadding, under the lightest of net crinolines. This is a very subtle vision of gentle asymmetric seaming, soft padding and watery, cloudy hand painting that moves couture forward, though he does not presume to call his work "haute".

Between these two extremes, every other couturier is scattered and the scales weigh heavily in favour of the modern approach. Only Alexander McQueen of Givenchy, also from the LVMH stable, follows the Dior spectacle route, in his case with a sauna-like Amazonian jungle into which crash images from pre-revolutionary Russia and Bakst's Ballet Russe.

The resulting mix of low-waisted pastel velvet embroidered kimonos, hussar-braided corset gowns, wrapped and draped grey tailoring with feathered quivers and loincloths is puzzling. Again, the work is incomparable, but the warning to Bernard Arnault, LVMH chairman, is that such extravaganzas are

**How long Saint Laurent will continue is a Paris talking point. Gaudier is whispered as successor**

starting to look dated and he should gently prod his talented designers to look forward, not back or abroad.

Perhaps Arnault should look to the third of his couture triumvirate, Christian Lacroix. In a second successive week of unexpected French triumph, the overall laurels of the collections must go to Lacroix and Jean-Paul Gaudier, reinforcing national self-esteem in the face of the advancing international hordes.

Lacroix has learnt the lesson that what differentiates modern couture from top-quality ready-to-wear is perfect cut and incomparable hand-made decoration. To make an impact with both, you need simple shapes. Lacroix has cleaned up his all too historical act. So his high-waisted duchesse satin coat dresses, corseted black cocktail frocks, and even his grand draped silk ballgowns are now simple shapes that

show off his hand-crafted tweeds, hand-painted flowers and ragged ruffs of chenille, beading and lace.

Gaudier has honed to perfection his traditional men's tailoring shapes and added a large dose of a very un-French wit. As a relatively new operation, his work only merits the term "couture". Yet the cut of his black suits and flying-panel evening dresses looks as haute as haute can be, while the workmanship of this Scottish-inspired collection - the plaid kilt all in beading, the beaded Arran sweater with a tartan mohair crinoline and the Fair Isle sweater made of subtle feathers, bridged the gap to modernity in being both casual and couture.

Other designers also showed that modernisation can respect the client. Karl Lagerfeld at Chanel acknowledges trends more than most, with the new volume of nice long pleated skirts and hip-seamed 1920s Zouave dresses, worn with flat sandals but all in light and luxurious fabrics like felted cashmere tweed and beaded cut velvet.

Still others followed Lacroix's simple but decorative philosophy. Valentino reduced his shapes to a modern lean cardigan coat and a sinuous shift dress, but his sumptuous self-coloured decoration with a narrow palette of ivory, grey, black, ice blue and pale sage green and abstract geometrical embroidery and beading was unmistakably couture quality to please the faithful, if unadventurous, clientele.

Modernity fascinates Donatella Versace, whose first rather tentative collection explores further the techno-fabric innovations launched by her brother. Shining diamond dresses and tweed lace with feathers, chenille, spun mohair on yarn somewhat dominated the strong, sculpted, zip-up shapes.

By contrast, Ungaro likes the couturier tradition of hand-embroidered lace and the finest silk velvet. Now he has them woven and embroidered in gossamer fineness and he has limited his shapes to a simple cardigan, a draped slip dress and cut-off trousers, one wonders

how long his designs will remain earthbound.

Of the younger generation, Adeline Andre has a refined collection of apparently simple but revolutionary shapes in positive colours from bone to blood, inspired by the body outside and in.

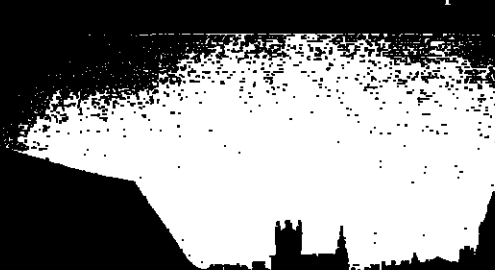
Christophe Rouxel and Dominique Sirop stick more with traditional cutting, adding hologram or shiny metallic draped fabrics and abstract beading to shapes that will not intimidate the clients of the more traditional houses where they trained. Rouxel is the new king of the little dress, blow-away fine under a fluted knee-length coat, while his mature models seek to persuade us that older women can wear it, too. Sometimes this works, sometimes not.

Yves Saint Laurent is the patron saint of those young designers who despise Arnault and all his showy works. His collection was as restrained, beautiful and reassuring as ever. There were references to past successes - 1940s style square-shouldered coats, full-sleeved chiffon blouses and jersey tunic dresses - but subtle modernisation is afoot. The strict straight skirt is often replaced by an easier, longer A line, the pin-striped tailoring and smokings are sharper and more upbeat and a bias-cut long draped dress in fine grey-bronze jersey is the picture of modern simplicity.

How long Saint Laurent will continue is a Paris talking point. The ready-to-wear has already been handed to young designer Albert Elbaz, and his spokesman Pierre Bergé now says merely that Yves will design the couture "for the time being". Some believe he will retire at the millennium, and that, despite Bergé's assertions that Yves is irreplaceable and the couture side will close, there will be a successor. Gaudier's is the name whispered and he took poll position in the audience last Wednesday.

The revival of haute couture as an exclusively French domain is unlikely. But Gaudier has proved he can stake a strong claim and the prospect of a new couture Sun King is intriguing.

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# How to Spend It

## Putting the case for the carefree traveller

Lucia van der Post proffers some advice to those who want to lighten the holiday load



Left: clockwise from far left

House Check Cosi dog carrier, £75 (email, £85 (large) Burberry, 165 Regent's Street, W1 tel: 0171-734 4080. Vanity case, £800, Tanner Krolle, 38 Old Bond Street, W1, tel: 0171-491 2243. Cityscape leather computer attaché case, £710, Alfred Dunhill, 48 Jermyn Street, SW1, tel: 0171-290 8600. Leather car tidy bag, £350, Connolly, 32 Grosvenor Crescent Mews, SW1 tel: 0171-235 3553. Leather travel slippers, £195, by Connolly. Philosophy pocket book, make-up travel roll with mini brushes, £39.95, Space NK, tel: 0870-507 7080. Montblanc Solitaire gold fountain pen, £765, Montblanc Boutiques, 60-61 Burlington Arcade, W1, tel: 0171-493 6369. Slim tortoiseshell mirror, £3.50, and razor case, £3.50, General Trading Company, 144 Sloane Street, SW1, tel: 0171-730 0411. Nars make-up palette, £48, Space NK. Morocco goatskin leather 'On the Go' notebook (refillable), £100, larger size, £116, Hermès, 179 Sloane Street, London SW1, tel: 0171-823 1014. Lesage linen mules, £220, and silver-plated travel candle, £26, both from GTC. Sumto Spyder computer watch for scuba divers, £499, Blandford Sub-Aqua, Holly Industrial Park, Imperial Way, Herts WD2 4TP, tel: 01823-801572.

Above: clockwise from top left

Dollargrand bucket bag, £79.95 (small), Harrods, Knightsbridge, London SW1. Insectivore lures flying insects, £124.99, The Leading Edge. ZPM goldfish washbag, £32, from GTC. Franchetti Bond draw-string beach bag, £49.50, Revelation Piccadilly, 170 Piccadilly W1, tel: 0171-493 4138. Picnic on your back - Voyager insulated back pack, £49.95, Jerry's Home Store, 163-167 Fulham Road SW3, tel: 0171-581 0909. Kate Jones gold knitted bikini, £39, and knitted skirt, £29, Matches, 13 Hill Street, Richmond TW9 1JX, tel: 0181-332 9733. Jean Paul Gaultier print sarong, £79, and bathing suit, £49, from Matches. Wu 'Woman' travel kit, £19.95, with creams and lotions, Harrods. Personal alarm with torch, £9.99, The Leading Edge. West One Shopping Centre, Oxford Street W1, tel: 0171-499 7891. Ready Brush - toothbrush, toothpaste in one, £2.99. Suncheck monitor, £4.99. Both from Masters London, 100-106 Haydon Road SW19, tel: 0181-543 3324. Mio travel candles, four for £10, Harrods. The Side Watch, £89.99. The sports timer - a watch, a whistle and a compass, £9.99, Moonlight Pen with torch, £2.99, The Leading Edge. Additional research: Anu Bhagwati Illustrations: Ashley Hamilton Lloyd

I wish I could tell you that I was a Grade A traveller, that I swanned the globe with nothing more than a thin little bag, some jet-lag defying shades and an insouciant smile.

But I would be lying. I'm the one carrying the three hold-alls accompanied by a husband looking a trifle grim as he deals with his own minuscule overnight bag and my spine-crunching suitcase.

We all know what we ought to do - stick to one (or, at the most, two) colours and make sure everything mixes and tones - but somehow it's a trifle dull.

For those who can face this kind of spartan discipline Marks and Spencer has put together what its marketing boys call "innovative merchandise ideal for travelling and holidays".

Here are the practical, easy-matching pieces beloved of chirpy fashion advisers - all no-sweat, no-iron, easy care, but dare I say it, lacking a certain *je ne sais quoi*?

On offer, in navy-blue denim, turquoise, terracotta and red, is a range which includes shorts, vests, miscellaneous tops, shoes, sandals, or mules. They are eminently mixable and matchable, but there is a noticeable lack of anything to deal with the kind of summer I see out of my office window.

Don't forget the pashmina, say I - or, more to the point, the anorak, which could just possibly become the pashmina de nos jours.

Where I'm going - the wildest bit of African bush I can find - these little monochrome pieces would look a bit daft. Forget Meryl Streep and Robert Redford in *Out of Africa*, the bush is a fashion-free zone.

Kibaki shorts, chinos, T-shirts by day and something a little more stalwart than a pashmina by night (first-timers to Africa, heady on images of Katharine Hepburn sweltering on the African Queen, are often knocked sideways by the bone-chilling African nights).

But often it's not the clothes that are the suitcase bender - it's the books, the gadgets, the torches, the cameras, the bird books, the

mosquito repellents. These days, when faced with the proliferation of so-called "travelling aids", the gizmo fancier needs to exercise as much ruthless discipline as the fashion victim.

Sketched above and discussed below are just some of the things the would-be carefree traveller might consider.

■ Virgin Vie, one of the indefatigable Richard Bran-

**The gizmo fancier has to exercise as much ruthless discipline as the fashion victim**

son's latest efforts, has a handy see-through, double-layered, zip-up bag which, for £20, provides small, light containers into which you can decant portable quantities of your favourite cosmetics.

To my mind, this is a better bet than those little sets of mini-cosmetics which some bright marketing guy has pre-selected - there are only about two in each pack that I would ever use, making them remarkably expensive bits of kit.

The Virgin Vie set has a funnel and a spatula for decanting - to save you using your fingers - and a set of stickers to prevent you slapping the very expensive face cream on the toothbrush and the toothpaste on your wrinkles. From Virgin Vie stores, Virgin Vie Direct.

■ In this season of dull grey cloud and fear of burning, self-tanning lotion has to be the way ahead. Origins Summer Vacation, at £12.50, is new, fresh and it works.

■ New Age fans might give the Energy In a Can a whirl. This marvel, sub-titled "A stepping stone to vitality", should first be sprayed all over (presumably, they mean the parts it is decent to reach in public). Then, as is the way of things to do with the New Age, you breathe deeply, imagine a

babbling spring, brimming over with life and vitality - and eureka. Instant re-charge. It is £8 a time.

■ Hats, on the whole, do not travel well. Proper Fennas are designed to fold along the crease and emerge immaculate, but Sandra Phillips has developed paper travelling hats which fold flat from back to front and can then be rolled up for easy packing or storing.

Philip Treacy it isn't, but it does keep the sun at bay. Widely available (tel: 01892-750592 for your local stockist), it is £19.99.

■ It's one of life's rites of passage - the day you realise that practicalities pay off. The Valiant Traveller (tel: 0181-906 8506) sells a host of small leather accessories at accessible prices in a wide range of department stores.

They are not for those who need the comfort of grand designer names, but the prices are distinctly comforting - a neck wallet, for instance, with compartments for tickets, passports, credit cards and the like costs about £20. The range takes in wet cases, overnight bags, duffles and back packs.

■ An associated company, Go Travel Products, sells the gadgets - the natty hair-

**The practical, matching pieces beloved of fashion advisers 'lack a certain je ne sais quoi'**

dryers, the folding iron, the adaptor, the CD disc carrier, the splashbox (for those near water who want to protect and carry neatly their watch, credit card, money and all the rest of it) and the electric mosquito killer.

These are widely available and - useful for last-minute shoppers - are at many airport duty-free shops.

■ For those who believe the sarong, or east African kikoi, is the ultimate classic travelling garment (use it as a

shawl, a beach cover-up, a dressing-gown), The Sarong Company, PO Box 188 Rickmansworth, Herts WD3 5TZ (tel: 01823-255174) has a good selection from classic hand-knotted kikoi and tie-dyed, Indian beaded sarongs to marbled knotted sarongs from Java.

■ Those who love the cachet of a grand label can buy a suitcase on wheels in the classic Louis Vuitton monogrammed canvas. It has noiseless shock-absorbing casters and an aluminium telescopic handle.

The case has natural cowhide leather handles, the distinctive fine saddle-stitching and a false bottom for precious or other items. There is also a garment bag with elasticated strap to keep the contents in place. Cost is £700 from Louis Vuitton, 17-18 New Bond Street, London W1.

■ Jo Malone has developed a new in-flight bag and, as you would expect, it is chisely packaged in black and there are two sizes. The smaller is £45 and comes with skin-care lines and her delectable Lime Basil and Mandarin miniatures, while the larger is £50 and comes with a selection of the skin-care lines as well as empty miniature containers for your own lotions and potions.

Buy it by mail from the Sent a Scent service (tel: 0171-720 0203), or go along to the shop at 154 Walton Street, London SW3.

■ Seasoned travellers often like to keep a small bag ready-packed with essential cosmetics. Muji has some excellent plastic zipper bags, which are perfect.

Alicia Drake, a fashion writer, recommends travelling with Guerlain terracotta bronzing powder to brush on when you arrive looking pale and peaky, and she swears by Equipment silk jersey pieces from Equipment shops at 21 Sloane Street, London SW3, and 26 Brook Street, London W1. They are comfortable, wrap up small and the creases hang out.

■ Vogue's beauty team, Kathy Phillips and Carmel Allen, say a waterproof mascara is essential and recommend Kanebo's or Estée Lauder's Raincoat, a clear mascara that waterproofs the one you normally use.

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## FOOD AND DRINK

## Wine

## Riding the Albariño bandwagon

Jancis Robinson finds fashion has gone to the heads of Galician producers

As Weekend FT readers already know, one of the smartest sources of fine white wine today is Galicia in the green north west of Spain. Here can be found sinewy substitutes for Chardonnay and elegant alternatives to Sauvignon, wines that are delicious on their own and which enliven food and cost a fraction of white burgundy or a hot California Chardonnay.

The most famous Galician white is made from Albariño, a vine found only here and just over the Portuguese border in Vinho Verde country. It has small berries and therefore lots of flavour.

We desperately need the DNA analysts who are so successfully solving vine riddles and rewriting wine history (such as establishing that Cabernet Sauvignon is the progeny of Cabernet Franc and Sauvignon Blanc) to turn their attention to this controversial vine variety.

Galicians have traditionally argued that it is a local mutation of Riesling, but now that they have penetrated the greater world of wine, and presumably become aware of the extent of

anti-Riesling prejudice there, they have gone rather quiet about this theory. The best Albariños certainly have the same steeliness and extract as a great Riesling. They are always bracingly crisp and racy, but they are much more broadly aromatic, and almost peachy in some cases, citrus in others. These are wines with almost Viognier-like perfume, backbone, and real interest right through to the end of the palate.

At least that is true of the best of them. Albariño has become something of a bandwagon. This fashionable grape variety has been planted with a vengeance, especially since the Rias Baixas zone on the Atlantic coast was officially recognised in 1988 and Albariño has become Spain's most financially rewarding white wine grape to grow.

Undistinguished hybrids have been ripped out and Albariño planted in their stead, typically trained up posts hewn out of fruit until the Albariño vines are fully productive. A high proportion of the vines are relatively young and, as inevitably happens in the wake of a trend, some of the wines are rather ordinary. This part of Spain is almost as wet, and certainly as green, as Ireland, and growers can easily persuade their vines to yield more grapes than is good for wine flavour.

There are no rules about how the wines are presented. Rias Baixas wines come in bottles of all shapes, and may be any shade of green, clear, brown, almost black, or even bright blue. The word Pazo may figure in their name, a Galician name for a

manor house, a bit like Doonagh. Galgo is Galician for Galician. The Rias Baixas zone, with its three subzones, the dominant Val do Salnés right on the coast

**Why is it that when a white wine producer gains confidence he puts his wines in oak?**

just south of Santiago de Compostela and Condado do Tea and O Rosal further south on the Portuguese border, is blessed with two very serviceable exporting co-operatives. Villarinho-Cambados has suc-

cessfully infiltrated the American market with its Martin Códax label, seen on some of the best restaurant wine lists in New York, while its worthy, if slightly stolid, Burgans 1997 is just £5.99 in the Oddbins in Britain.

The other co-op, Bodegas Salnesur has made a couple of 1997s that would do credit to the most ambitious Pazo. Condes de Albariño 1997 has a lovely lift and is a perfumed palate sharpener that is so creamy it is reminiscent of lemon, or perhaps lime, curd - a great buy at £5.99 from Thrasher Wine Shops, Bottoms up and Wine Rack. Condes de Albariño 1997 is even better - fuller, more intense, with peaches on top and steel underneath. Thrasher group may squeeze a parcel of it into Wine Rack stores in September.

But this co-operative's third bottling, Carballo Galego, demonstrates a worrying development in Galicia. Why is it that the minute a white wine producer gains a bit of confidence in his wines, he insists on putting them in a straitjacket of oak, no matter how unsuitable?

Instead of the lovely fruit flavours of its two stainless steel sisters, Carballo Galego 1996 is completely overwhelmed by oaky oak, just as Veigadades 1996 and even the region's pioneer Pazo de Feiteiras 1995 have been muzzled by oak ageing.

Much more attractive wines include the widely available Lagar de Corvera 1997, from the south of Galicia which is sold at around £7 by Laymont & Shaw of Truro, Victoria Wine Cellars, top Sainsbury's, Wright Wine Co of Skipton, Lay &

Wheeler of Colchester and Tanners of Shrewsbury. This particularly fruity example, with a suggestion of fizz, would serve as an excellent introduction to the style, a stepping stone to slightly denser wines such as those from Pazo de Senorans (imported into the UK by Vinities on 0171-924 1974) or the more delicate Morgado (imported into the US and the UK by Classical Wines of Spain in Seattle and Michael Hall in London, respectively).

Other fine current releases include Segre Amber 1997, Dionis 1997, Filaboa 1997, Terras Gauda 1997, Valmior 1997 and Vionta 1997 from a bodega owned by the Cava kings Freixenet.

From the inland Galician zone of Ribeiro Sacra, Abadía da Cova 1997 is first rate, proving that as with a great Riesling, high extract and not high alcohol is the key to fine, entrancing white wine.

All these wines are young. Like Sauvignon Blanc and Viognier, the best examples of Albariño can survive bottle ageing but rarely improve after the second year. Unlike Sauvignon Blanc and Viognier, they are versatile partners for food.

## Spanish works of art on a plate

Sue Style applauds a meal cooked by one of Spain's most celebrated chefs

The small town of Sant Celoni, 50km (32 miles) from Barcelona, was the birthplace in around 1400 of Bernat Martorell, one of Catalonia's greatest Gothic artists. His graphic depictions of St Vincent receiving a roasting - and dreadful thing being done to Santa Eulalia - can be admired in Barcelona's museum of Catalan Art.

Six centuries on, Sant Celoni is home to a different kind of artist, Santi Santamaria, one of Spain's most celebrated chefs. His restaurant, El Raco de Can Fabes, is housed in a simple stone building around which a handful of scruffy streets have shuffled themselves into some semblance of order.

The welcome begins well outside the house, as a smiling outlander waits on the corner to receive guests and take them inside. The family home of the Santamarias for several generations, the building has been a restaurant since the days of Santamaria's grandfather. (The "fabes" part of the restaurant's name apparently evokes a legendary scrap between locals and Napoleonic troops; it also means beans - especially of the broad variety - which abound there.)

But beans, as we were to discover, are only a small part of the story.

Can Fabes, a member of the select clan of Les Grandes Tables du Monde, is a restaurant for people who take more than a passing interest in food and wine. The menus are - literally - works of art, designed by Tapi, each one numbered like the limited editions that they are. The wine list is an eclectic selection studded with treasures from the world's finest vineyards, with some notable wines from Catalonia. The food is a supremely subtle alliance of earthy Catalan and maritime Mediterranean flavours and raw materials.

The Menu Prestigi, Ptas15,000 (about £80), gives a concise summary of Santamaria's finely tuned skills and catholic tastes. Consist-

ing of nine or 10 exquisite mouthfuls of food - nuggets of this, morsels of that, never too much of anything - each dish bears the personal signature of the chef.

(He describes it as "una cocina de autor".) The menu changes with dazzling frequency, reflecting Santamaria's mood and the seasons of the year. Recent offerings included a silken lobster mousse under a slender mirror of aspic, and a warm pea soup on which was suspended a single sweet scallop, topped with a smattering of coarse salt. Aided by the sommelier, who instantly understood our wish to "drink locally", we chose a 1997 Penedès Chardonnay from Albet i Noya, only recently out of its barrique and into bottle, fruity and discreetly oaky.

There was something about the combination of *chipirones* (baby squid) with various wild mushrooms and a suspicion of lentils which made the ensuing dish memorable.

Broad beans also made a timely appearance - minus not only their furry overcoats but their leathery skins too, which as gardeners-cooks will know is a labour of love. They served as a bed for a mystery shellfish and some other unidentified, calf-based delicacy.

A chunk of lobster, its claw a brilliant coral against vivid green wild asparagus, reposed on a bed of *sofrito*, the classic *confit* of onions, garlic and tomatoes. A piece of scabbard fish (*sabre*) came with frog's legs turned inside out, like Chinese chicken wings, with a pair of mangetout peas and a sternly reduced red wine *jus*. Baby lamb, pink and succulent with leafy spinach, almost stole the show.

The remaining mouthfuls of Tempranillo (also from Albet i Noya) gave us the perfect excuse to test a selection of goats' and cows' milk cheeses from the area, which came with a house bread plump with raisins and pine-nuts.

For a little pre-pudding there was an innocent ravioli of fresh strawberries with *crème anglaise*,



El Raco de Can Fabes: a restaurant for people who take more than a passing interest in food and wine

Vern Morrice

followed - at a decent interval - by a grandiose chocolate concoction called a *tubo de chocolate*: a chocolate chimney of Gaudiesque proportions enclosing a rich white chocolate mousse with an oval of milk chocolate sorbet.

A glass of Moscatel from Navarra was grapey and sweet, but not burdensome. The *petits fours* were distinctly superior and featured a

giant, lightly orange-flavoured brandy soap, *balles* with pine-nuts and some darkly bitter orange slices dunked in dark chocolate.

Lunch was rounded off with an invitation to visit the kitchen. We found 20 cooks beavering away on behalf of the mere 40 covers.

Such individual care and attention, such precision, such artistry lifts a meal at Can Fabes into a

special category.

Martorell's works of art will live longer than the memory of a superlative meal. But I like to think that the 15th century artist, sitting down to table with Santamaria, would have had plenty to say to his Sant Celoni successor.

El Raco de Can Fabes, Sant Joan 6, 08470 Sant Celoni, Spain. Tel: +34 3 867 2851, fax 3861.

## Portugal's 'colony' in London

Giles MacDonogh is interested in the growth of 'tascas'

It's been Vasco da Gama's year. Not since the day the news reached home that he had docked in the south Indian port of Cochim five centuries ago has he had so much press.

Someone even went so far as to ring the Vasco da Gama pub in London's Stockwell and ask to speak to him: "He died a little while ago," said the barman drily. "I'm his grandson, can I help?"

The Vasco da Gama is one of the small handful of pubs which serves the needs of the 45,000 or so Portuguese who live and work in south London, mostly in Stockwell and Brixton. From the outside, it looks very much like any other pub, except for the unfamiliar looking white-bearded gent on the sign. Inside, however, it is subtly different.

There are the usual taps dispensing English beer, but behind the bar are bottles of white vinho verde and red *daño* and crude *aguardente* brandy, as well as bottles of Lisbon's favourite beer: Sagres.

A blackboard written entirely in Portuguese announces the dishes of the day: pork steaks; salt cod; beef with a fried egg on top. The only concession for non-Portuguese speakers was "chicken (sic) Kiev".

It was a warm evening, and we ordered a couple of glasses of vinho verde from the Madeiran barman.

There wasn't much festivity in the pub. It was as if the normal flotsam and jetsam of a south London pub had been quietly taken out and shot, and replaced by the inhabitants of a northern Portuguese village.

They sat sedately over their coffees, beers and brandies. The only signs of passion came from the billiard table, or those watching the football news in Portuguese on the television in the corner.

London's Portuguese community is divided. North and west London, Camden Town and Westbourne Grove cater for the Lisbon crowd; Brixton and Stockwell tend to be the provinces of the northerners and islanders.

In Camden Town they are extending their territory. A simple worker's cafe called the Blue River in Plender Street (0171-383 3233) reveals its true colours on Fridays and Saturdays, when it becomes an unlicensed Portuguese restaurant. Another two have opened in Pratt Street and Murray Street nearby.

Like the others they are *tascas*: the Portuguese equivalent of the French *brasserie* or the modest Italian *trattoria* - they serve simple

Portuguese dishes and stock a handful of cheap

Portuguese wines. The south London restaurants tend to have more style. Next door to the Vasco da Gama is O Barros (0171-592 0976), which is run by a man from Bragança.

Once she there with a German woman who strongly objected to a pig's ear she found in her stew. She was not comforted by my telling her it was considered an essential ingredient in the *cocidos* of the Trás-os-Montes region.

Around the corner is Estrela (0171-793 1051) which is a lively place in the evenings and at weekends, when very young children run around the tables they put out on the pavement, and the younger men congregate inside to watch television programmes in Portuguese.

Like the nearby Cafe Portugal (0171-587 1962), it is tolerant of foreigners, so long as they are ready to experiment with the food: choucroute ligated with *aguardente*; octopus; pigs' trotters with garlic; deep fried balls of salt cod; or a rice and seafood *arroz*.

The wine list is short, but a red Reguengo at £3 is as good a bargain as you are likely to find eating out in London.

One authority has counted 43 bars and eight restaurants in the Portuguese-dominated stretch of the South Lambeth Road. There is another one of them on Brixton Hill.

The Gallery (0181-971 8311) is not a *tasca* like the others. It looks like a common or garden take-away. Through the door at the back, however, you reach a gallery room which must have been a butcher's shop. There are some nice old tiles and mosaics, which have been partly covered by romantic depictions of Portuguese towns.

At the weekends *fado* is sung there, but the food is similar to that offered down the hill: chicken *piri-piri*, or pork with capsaicums and coriander. Where the Gallery distinguishes itself is in its wine list.

I enjoyed an excellent 1982 Quinta da Gafosca from the Douro - the sort of wine which shows just how good Portugal can be.

The importance of the *tascas* for London, however, has less to do with the quality of the food and wine than the fact that they are really the first signs of a truly popular, rough and ready, restaurant culture. Until now, the nearest we have got to it in England is the pub.

## Could the tables turn again?

Nicholas Lander wonders whether he might return to the life of a restaurateur

Last year at El Bulli, a restaurant near Roses, in Spain's Costa Brava, I ate one of my most memorable meals. On a recent return visit, my lunch was even better. It was raining heavily outside - which always adds to the pleasure of sitting inside around a table with friends - but Ferran Adrià's cooking had definitely become more distinctive. There was an extra dimension to the meal too - it marked the 10th anniversary of my giving up the life of a restaurateur.

I use the word *life* rather than profession intentionally. Running a restaurant does take over your life in a way that no other job can. If you run more than two restaurants, they become a business that requires a management structure; the trouble is you foolishly imagine that you can cope with most of it yourself - at least that is what I did.

Although 10 years have elapsed since I ran my restaurants, pleasurable thoughts recur: looking over a full bookings sheet; standing by the receptionist's desk as customers leave saying how much they had enjoyed their meal; tasting new dishes for the menu or choosing bottles for the next wine list; and, from time to time, hearing from our bookkeeper that we had made a profit for the month.

However, I also recall the worries of the job. Wondering, as I closed the curtains at home around midnight, whether those post-opera or post-theatre bookings had made it to the restaurant on time and whether there had been any friction between the waiting staff, who would invariably welcome these bookings because of the extra tips, and the kitchen brigade who worked on a fixed salary and were more intent on washing down the stoves and heading home.

One of the questions I was asked most frequently was why don't restaurants run out of food. The answer is that some do - most don't because chefs are experienced and the public's tastes are predictable. Salmon is still the best-selling fish; fillet of fish is always more popular than that on the bone; and chicken and lamb will always outsell beef or duck. Official steadfastly remains, in spite of the efforts of many high-profile chefs, a minority choice.

Today, the questions I am asked are: What do I miss - and would I be tempted back?

The answers are the people and, yes, certainly I could see myself working as a restaurateur again. Those I miss most include many talented people who have gone on to greater things.

But the temptation to return would last as long as it would take my wife to ring a divorce lawyer. Although

the excitement that surrounds restaurants shows no sign of abating, outside influences - particularly technological, design, architectural and financial - are now much greater.

Today, computer screens often replace reservations books; inexpensive desktop publishing has transformed menus and wine lists; interior designers and architects flock to restaurant sites; and, perhaps most significantly, property companies and landlords are keen to sign restaurateurs as tenants.

Now that restaurants keep appearing in more exciting locations, my enthusiasm for the life was rekindled by a sneak visit to Le Coq d'Argent, which Conran Restaurants will open on the top of No 1 Poultry - with gardens and a bar overlooking the City - next month.

Today, no bank manager would give a look as sceptical as the one which greeted

my initial loan application. Restaurants are still risky investments but the growth of publicly quoted restaurant groups underlines the success of many. Restaurateur Mogens Tholstrup recently sold three restaurants, Daphne's, Pasha and The Collection, for £3m. There are also far more private sources of finance available, thanks to the personal bonuses earned by Wall Street and City traders seeking a glamorous outlet and tax benefits.

My working day would be very different from the first time around. Far more time would be spent on staff training and attempting to close the growing gulf between the rising standard of cooking and generally unimpressive standards of service, possibly the biggest challenge for restaurateurs.

At least as a restaurant critic I can claim to have had fewer sleepless nights. El Bulli, Cala Montfrol, Roses. Tel: +34 97 2 15 04 57.

Today, no bank manager would give a look as sceptical as the one which greeted

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OUTDOORS

Gardening

# A planting plan that changed my mind

Robin Lane Fox would once have avoided a mass of Day Lilies

No sooner is one project dead or finished than gardeners dream up another. As this trying season refrains from drying out my garden, I look out on beds which are more or less finished and find that I have another vision before me.

The latest vision has been encouraged by a weekend visit to one of the UK's national collections. There is now a nursery or private garden in which as many as possible members of most of the big plant families are shown off. Some of the collections can be a challenge on a jumble or both. It is not often that they change the ideal garden, forming and reforming in my mind's eye.

At Mixbury, near Brackley, in Northamptonshire, off the A43, Gerald Sinclair and his Nursery Further Afield is open from Wednesday to Saturday (not for the last two weeks in August) and holds one of the national collections of Day Lilies. There have been times when I have thought that I would go a long way to avoid Day Lilies, or Hemerocallis, in a mass. They look awful if their brilliant colours are segregated into blocks and used to fill the foreground of curving beds in grass with mixed shrubs behind them. There is a vintage example of this planting in the RHS garden at Wisley. After a while, you see the point of rough grass and buttercups.

Until recently, I had a few favourite Day Lilies and was unwilling to stray beyond them. These included the wonderfully free-flowering and easy Hyperion whose clear lemon-yellow flowers are a delight anywhere. Hyperion has been joined by the excellent Catherine Woodbury, whose flowers are a subtle combination of lilac and lime-yellow.

Breeders are trying to frill and ruffle the straight-forward flower which is best star-shaped

because the beauty of the family lies in its range and clarity of strong colour. Other breeders are trying to frill and ruffle the straight-forward flower, which is usually at its best when it approaches the shape of a star.

From the individual beds, I noted the small-flowered varieties, the cream-yellow Little Rainbow and the dark red Little Red Hen. As specimens, I thought I could live with them until I walked beyond the nursery into the general beds in grass beyond.

Some years ago, a great gardener convinced me that the best way to grow big tulips is to select the colours you like and then mix them all up and plant them as a controlled mixture. In these

big Day Lily beds, Gerald Vaughan had planted a wonderful range of pink, orange, dark red, yellow and lemon varieties, many of which derive from one famous breeder and have yet to be freely on the market.

The varieties were particularly good, but the general effect was eye-opening. As they receded into the distance, the Day Lilies' leafy clumps looked pleasantly informal without being untidy. The range of colours was sensational, strong without being violent, vivid without being brash.

Vaughan explains to his visitors the history and preferences of a collection which he only started three years ago. Sometimes gardeners complain that their Day Lilies do not flower freely. There are three main reasons. Often, the plants have been planted too deeply; an inch or so of soil above the main root stock is sufficient. Sometimes old clumps have become too big. More often, the nights have been too cold and the sun has been too scarce. Day Lilies are supposed to like up to six hours of sunshine a day, but they are flowering flat out in a year which has given them almost none. More important, the biggest and strongest varieties are usually tetraploids, which will not open their buds in Britain if the night temperatures are too low.

I like the sound of tetraploids and sometimes, I think I am one. They are thicker stemmed, healthier, more energetic and not in need of hormones or herbal tea. I also think that I ought to have taken up breeding them some years ago. Tetraploids are made by bombarding seeds of ordinary forms with X-rays or the poisonous colchicine which disturbs the parent's chromosomes. My new vision is a swathe

of Day Lilies, spreading their fat white roots through my dry soil and developing into a haze, not a blaze, of burning colour where the garden runs out into rough grass and hedgerow. People say that Day Lilies need plenty of water if they are to flower well. They flower and grow like weeds in the US from Ohio to the roundabouts in New York where they tolerate severe drought.

Mine have flowered freely throughout the 1990s and I have been assured by expert German gardeners that they will compete perfectly well with poor, dry conditions. The unexpected news is that plants like to be planted out during the next few weeks from pots. They make their new white roots during the period from July to September and anyone who takes specimens home from the nursery is advised to give them their head.

So much has been bred into the range of Day Lilies that I had wrongly begun to fear the worst. In mixtures, they are as lovely as they are dull in single clumps. They really will flower for more than a fortnight and will splutter on into August, taking over the limelight as the roses disappear.

If you still have your doubts, you can act like a true enthusiast and eat them instead. Vaughan rounded off his explanation of their merits by picking heads of flower off a tetraploid and eating the buds and petals. The sight of a mouthful of Hyperion is even more exotic than a helping of the yellow flowers of courgettes. When my car boot knocked the flowers off two impulse purchases, I tried Hemerocallis à la mode and can recommend them to anyone who finds themselves in a park, short of a sandwich, and does not mind a warm and slightly bitter aftertaste.



Corky is another classic whose thin stems carry a mass of clear yellow flowers with brown backs

Garden Picture Library

## An unimpeded vision thing

Anne Wareham points out the benefits to be gained from taking a long, cool look at your garden

If only we could see what we are doing, it would be easier to make and maintain a good garden. The problem is that we can go out and look at our gardens every day without ever managing to see them clearly. Evolution has resulted in our noticing novelty, because it is by spotting a change in a familiar landscape that we are alerted to danger.

So, as we walk round the garden we see things that have changed overnight or since we last looked. Our danger mechanism is often alerted, and it isn't the flowers that have come out that we notice, it's more often the molehills.

But either way, it's the detail, it is almost impossible to see the garden as a whole and be able to evaluate our design, and how it's coming along.

The familiar always goes

into the background, which is why we love to buy new things. We buy a new teapot, for example, and love its shape and the pattern on it. We imagine that our mornings will be transformed by the pleasure of making our tea in this lovely new pot. And certainly the next few mornings do have an added lift. But slowly and inexorably we stop noticing it. And then we long for another new thing to see.

The same is just as true in the garden, and it is probably this that fuels our relentless appetite for new and unusual plants.

So if we really want to see

what our garden is like we have to play tricks on ourselves that enable us to see it again. The simplest is to go away on holiday - but it's also one of the most expensive. And then, when we come back, we are still most likely to focus on the detail because we are anxious about whether things are all right.

We will see the plants that need watering, the grass that needs cutting, the rabbit that needs straining. Evaluating the overall design is not a priority at this point - unless you realise that this is a rare opportunity to see your garden afresh and you rigorously pay attention

only to that aspect.

I think there are better ways. One is very simple, and can be a delightful little trick - try looking at the garden in the reflection of a window of the house. It's amazing how we can walk past such reflections every day and never notice that they show us a new, Alice in Wonderland garden.

It may be a bit blurred and out of focus, but it's wrong your garden, wrong way round and looking totally unexpected. Another way is to walk round the garden with only one aspect in mind. Inspired by reading about focal points in the garden, I went

outside, looked at the meadow and suddenly realised what was unsatisfying about the curvy paths I'd mown in the long grass. By that evening we had bought a statue and installed our new focal point at the end of an avenue.

This avenue now seems to have all the obviousness of a design that works, but it looks like single-mindedness to enable me to see it. You could equally just look at all your shrubs. These often grow so slowly that we don't notice their size or contribution to the garden picture any more.

They may be on the way to obscuring a view, but so gradually that we do not

notice what we're missing.

Or sometimes we miss the good bits. I had planted some evergreen shrubs at the edge of our drive, and I can remember my shock of pleasure when one day I suddenly realised how satisfyingly big they had grown.

At moments like that it seems extraordinary that I could have failed to notice. But I don't think I am alone in this blindness.

Sometimes I walk round the garden simply concentrating on shapes. This can lead to a bit of judicious pruning, or even an orgy of cutting and backing. Sometimes I'll just

look at colour. Theoretical planning for colour combination and contrast is easier than getting it right in the borders.

Every year flowers seem to come out at different times and find unexpected neighbours to quarrel with. When I spot the problem I have to take immediate action. If you've ever heard that you can't move a rose when it's in full flower in a drought, I can tell you that I've done it. And what's more, the rose is still alive.

Photographs are another good trick. Trying to take a good middle distance picture of the garden can show up an unexpected

amount of ghastliness. If you take the picture from on top of the dustbin, you will not save your conscience. That horrible plastic water butt is still there.

And if something less than lovely escapes your attention when you look through the viewfinder, you may well find it leaps out at you when the picture is developed.

I want to make the best garden that I can, so when I see the mistakes I've made, I try to put them right. Unfortunately, I have gone too far down this particular garden road to start all over again, whatever I suddenly notice.

Creating opportunities to see afresh does not just show up the problems. It removes you from the relentless preoccupation with weeds and caterpillars and returns you to the loveliness of your creation.

Fishing / Tom Fort

## Consolations in a city corner



To London's north-east, where Tottenham nods to Walthamstow across the valley of the Lea, and the North Circular cuts across a spray of great arterial routes amid constant tumult, terra incognita for me, and on the face of it a most improbable place for a man with a trout rod to pitch up.

Yet here, reaching from the M25 down towards the towers of Canary Wharf, is a great gash of green, enfolding the River Lea and the reservoirs which slake London's thirst. Where there is clean open water there are fish, and where there are fish there are fishermen.

I knew I must be getting close when I spotted a road sign, "Dream Close". Then I found the pub, and at the back of its car park flowed a fine clear stream, its depths thick with clumps of water cabbages, charged with fishy possibilities. On the far side, perched a few yards from the roar of the traffic, an angler gripped his rod, taut with concentration, eyes fixed on float, his spirit coaxed from the racket.

In quieter times, Isaac Walton came this way to "ply his angle". Doubtless he would have fallen into moralistic frenzy at what the subsequent 300 years had wrought. But he would have delighted in the shoal of fat chub basking in the sun a little way down the Coppermill Stream. He would have addressed them with grasshopper, caterpillar, or some other chubbish bait, and by nightfall would have harvested a brace and drank their health at the inn.

But though I was tempted, my business was elsewhere. Like a chub lured by a juicy slug, I had

been drawn here by tales of trout. My tempter was Bryan Poole, an artist and illustrator in exile from New Zealand's South Island, who had found at these reservoirs north-east London's best answer to the clear, trout-filled streams and mountain lakes of his native land.

They tell me the fishing in New Zealand is far from easy, but to this I can give no first-hand witness. However, that it is tricky in N17, I can testify - which is a pretence to the confession that I caught nothing in the Number

Five Reservoir, nor threatened to. I wouldn't have missed my visit, though (and a trout did feature, as we shall find). For this is one of London's strangest places, with a breadth and scale far removed from the verdant sweetness of the city's parks.

It is hardly beautiful; its utilitarian past and present have bestowed on it too much in the way of derelict pumping stations, broken-down sheds, filter beds, piles of rubble and other assorted rubbish for that. But it has a wildness about it which is almost

forbidding, all the more potent for the enclosing metropolitan sprawl.

That quality makes it a place of refuge for all sorts, and from some it suffers. The severity of the reservoir which Poole and I fished is - or was - mitigated by two thickly wooded islands, which pulse and croak with a black, feathered army of occupation. The trees are whitened by the invaders' waste, and are dying. Dark outsiders skim the water in search of prey.

This is where the majority of

Walthamstow's 250 breeding pairs of cormorants live. This creature is defined by my dictionary as a "large, voracious seabird". But the sea could no longer sustain them, and so - like Cortes' conquistadors - they travelled in pursuit of easier pickings.

Their reputation is as dark as their plumage. Anglers accuse them of driving out other birds, and of plundering fish stocks. The water we fished is stocked only with trout of 8lb plus, too big for the cormorants to take.

When Thames Water put in smaller trout, they were herded into a corner for mass extermination.

Legally, nothing can be done to check the scourge. This is a Site of Special Scientific Interest, and the Royal Society for the Protection of Birds opposes any control measures, arguing that the birds are stigmatised for their appearance and eating habits, without any evidence that they actually do any harm. Fishermen and fishery owners who have witnessed the cormorant's capacity

for destroying precarious populations of wild fish - particularly young salmon - sigh with despair.

Their brooding presence dominated the scene at Walthamstow. It was a cool, blustery evening, inimical to the surface feeding which can - I was assured - make the twilight hour a heart-stopping time. Clouds of chironomids - the tiny insects which hatch in countless millions in the water, and are a staple food for trout - hovered above the trees in mating ecstasy, providing nourishment for squads of whizzing swallows and martins. But on the lake, little disturbed the peace, beyond the throb of cormorant life, the swish of fishing rods, an occasional splash from a trout.

Suddenly Poole's rod arched, and his reel emitted a prolonged screech of protest. For a moment he must have thought himself back at Taupo, or on the Tongariro, as the rainbow streaked off. But at length it surrendered, its pink-flashed flank flapping beside the concrete slabs at the water's edge. It must have been a good 3lb, and I wished very much that I had caught it.

There is trout fishing to be had at two of the other reservoirs at Walthamstow (all) through the winter, if you care for that kind of punishment; and much coarse fishing besides. As we ambled back to the pub, amid the other fishermen ending their day, I reflected on what a blessing this spot must be for these city folk, how it gave them something they could not get anywhere else. I would not willingly embrace exile to Walthamstow. But if it came to pass, at least I would know where to seek consolation.







PROPERTY

# Home sweet home for the empty-nesters

Anne Spackman looks at how the desire to stay put has influenced housing for the retired

As the number of elderly people in the UK has been increasing, so the retirement housing business has been shrinking. Where, 10 years ago, there were around 120 developers in the market, now there are only 40. It is not a case of the big fish swallowing the minnows; the pool itself has shrunk.

While arguments rage over whether changes in the population will require a projected 4.4m new homes to be built by 2016, no one disputes the growth in the elderly population. They account for nearly 1m of the 4.4m. Where are we all going to live in 20 years' time?

It would seem, in the long-term, 40-unit blocks of flats thrown up in the late 1980s. Most surviving developers believe the market shrunk mainly because it was dominated by such poor quality buildings.

Michael McCarthy, who chairs the Retirement Housing Group, an informal UK industry body, says: "Retirement homes were put up without lifts by people who had never heard the term ergonomics. Everybody had a job. When the recession came there was a vast oversupply of second-hand, third-rate stock. It undermined the industry's reputation."

For it would seem, are the British destined to spend retirement in the kind of gated communities which have flourished in the US and Australia. Jim Ditheridge, managing director of Bovis Retirement Homes, points out that condominium living is an established concept in the US for people of all ages, but it has not

## The British have not warmed to the idea of retirement homes in gated communities

have found to their surprise that their market consists almost entirely of over-60s. They are empty-nesters trading in the family house for a home with elegant reception rooms, fewer bedrooms, but good services and security - and no stairs. Price is less of an issue than quality and location. These couples consistently report that they have moved while in good health to a home they expect to stay in until they die, or require serious nursing care. Ironically, their new homes are often on sites which dedicated retirement developers have competed

for and lost. At the more expensive end of the early retired market, they would appear to have lost their customers as well as their sites to mainstream developers.

The second strategy is the option of life tenancies. These are schemes under which a person sells their home to a company, in return for either a lump sum or a regular income, plus the right to stay in their house, rent-free, until they die. These schemes have the advantage of unlocking the capital tied up in the house early - and the disadvantage of losing capital and any future growth.

The Bradford Property Trust, whose established business is in the private rented sector, has just launched a life tenancy scheme under the name Bridgewater. In a typical situation, it would offer a widow of 75 with a property worth £120,000 a cash sum of around £58,000. If she were later to go into a nursing home, the trust would reinvest part of the sale proceeds in a trust to provide a guaranteed monthly income.

"The majority of our tenants are retired people so we have a lot of expertise at that end of the market," says Nigel Denby, BPT's finance director. "There is a sense of pride attached to staying in your own home as long as possible. Life tenancies allow people to do that without anyone seeing any difference."

A third strategy, and one adopted by Michael McCarthy through his company Mullion, is to adapt properties to cope with the needs of increasingly frail residents.

Mullion is developing tech-



nologically advanced houses, which have flexible layouts and can deliver high levels of service. The company may go on to adapt existing homes. "I could imagine a situation developing in which you walk down a street of terraced and all the houses have the same front doors, but behind that, they are very different," McCarthy says. "I don't believe elderly people like to be separated out from the rest of the public and identified as something different."

The fourth response is dedicated retirement developers focusing on the more elderly end of the market. This is the strategy of Bovis, which developed its homes with

help from the gerontology department at Birmingham University.

It has 26 schemes aimed at filling the gap between independent living and nursing homes. Buyers own their apartments, but there is a high level of service, including a restaurant and 24-hour care. The average age of buyers is 82. Almost all come from within a three-mile radius of the development. Only 2 per cent end up in a nursing home.

"The young retirement market is part of the general market, where there is plenty of choice," says Jim Ditheridge, managing director of Bovis. "Our market is driven by need. The product

we produce is as much about care as about property."

The average price of a Bovis apartment was £140,000 last year, but prices reached £258,000 at its latest development at Teddington in Middlesex. Service charges there will be £4,550 a year, but this did not stop 24 people from reserving in the first week.

"People are worried at first, but when they see where the money goes, they accept it," says Ditheridge. "Eighty per cent of our customers get an attendance allowance, which is not means tested and covers half the service charge, and our charges only go up by inflation."

English Courtyard has been similarly successful in identifying a niche in the retirement market. Its hallmark is housing with the aesthetics of the village green cottage, but a specially adapted interior. One of the main features is a one-bedroom suite on the ground floor and a second upstairs, the latter for use by a nurse or relative.

Noel Shuttleworth, the company's founder, believes the key to his market is providing services without adopting an institutional style. There are no communal lounges and a mini-bus service, organised by the local manager, is provided to take people shopping.

Like Bovis, English Courtyard runs its own waiting lists for buyers interested in its developments. Bovis says the last property it sold at its development at Oxted in Surrey went to sealed bids in May.

Michael McCarthy reckons that retirement developers are tapping less than 5 per cent of their potential market. Over the next 20 years, that market is set to grow rapidly. But new entrants to the sector should bear in mind the faults which caused it to shrink so quickly.

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TRAVEL

# A world of tidy vineyards and chaotic history

Frenchman and Teuton have fought over Alsace for 1,000 years. Nicholas Woodsworth reports

I knew when I turned off the *Route des Vins* and began following a winding road up into the forests of the Vosges mountains that I was in for an educational experience. Ahead of me stretched a procession of half-a-dozen coachloads of schoolchildren.

"Oh-oh," I said, picturing thin-lipped teachers and wailing infants. But you can always tell when children on an outing are having fun as well as learning - they make rude signs through the rear bus window. These kids were as excited as monkeys.

We halted, several hundred shrieking pre-adolescents and I in the parking lot below Haut-Koenigsbourg. When I looked upwards, I realised why the children were so exuberant. This was no dull, run-of-the-mill museum outing. Haut-Koenigsbourg is a fully fledged, state-of-the-art, 15th century medieval chateau-fortress that would turn executives at Disneyland green with envy.

**While every French region has its own identity and feeling, none feels quite as different as Alsace**

Portcullises and moats, gates and drawbridges, bastions and towers, keeps and banquetting halls - Haut-Koenigsbourg is huge, and I had almost as much fun exploring it as my pint-sized fellow visitors. But, like them, I learned something as well.

Standing on the fortress's artillery platform I gazed over a stunning panorama stretching below. When you drive the *Route des Vins*, one of the most pleasant prospects of any trip to Alsace, you are conscious only of a gently rolling sea of vineyards stretching away in the distance, dotted here and there with small islands of

yards of Alsace. The Alsatian *vignoble* is 150km long but, growing only on the lower slopes of the Vosges between 500ft and 1,200ft of altitude, just a few kilometres wide. Plain, *vignoble*, mountain - the Alsatian world is tidy and well-defined.

What is not so tidy, however, is Alsatian history. It must have left the heads of the children listening to their teachers whirling. It certainly did mine.

If the medieval vineyard villages I could see far below - Kientzheim, Orschwiller, Rorschwiller, Berghelm - had German names, it was

because Frenchman and Teuton have fought over this rich province for 1,000 years. Alsace had already been a Germanic territory for 500 years when Haut-Koenigsbourg saw its heyday under the Hapsburgs, and it remained so until Louis XIV took possession. But the Prussians wrested Alsace back from France in 1870, by which time the fortress was merely a romantic and abandoned ruin.

To show that Alsace had always been German, no matter what the French said, Kaiser Wilhelm II, in 1899, began a long and expensive restoration of Haut-Koenigsbourg - a political symbol, he transformed it into a medieval military outpost on the edge of the widened German empire.

It did little to stop the next long bouts of fighting, however; at the end of the first world war in 1918, Alsace and its great fortress once again reverted to France, only to be reclaimed by Germany once again in the second world war, and repossessed by France in 1945.

That is a great deal of to-ing and fro-ing for a tiny chunk of Europe, and it helps to explain today's Alsace. While every region of France has its own identity and feeling, none feels quite as different as this.

Alsatians are certainly not Germans, but then they do not seem entirely French either. The food, the language, the architecture, the social customs - everything is different. As any Alsatian will tell you, he is, first and foremost, Alsatian. Franco-philies like me find exotic Alsace a surprise.

But what a pleasant surprise. In Provence, where I



Haut-Koenigsbourg in the Vosges mountains: below lies the broad, fertile, table-flat Rhine Valley

Copyright: 1998 Chapman

live, we are not terribly well organised or achievement-minded. More often we are individualistic, lackadaisical, self-complacent, argumentative, happy-go-lucky and untidy. In true Mediterranean style, we would rather talk than act. We would rather talk than do anything. Provence is everything that Alsace is not.

Such were my thoughts as I drove back down the hills, across the vineyards, and through one ancient wine-making village after another. Grapes are Alsatians' *raison d'être*, while war has raged around them, they have done nothing else but make

wine for centuries, and they do it with great energy and single-minded concentration. Their hard work, method, and pride in the land are apparent, not just in their vineyards and the lovely final product that flows from those slim, green wine-bottles, but in the villages themselves.

When I stopped in Ribeauvillé for lunch, I thought once again that Walt Disney had beaten me to it. Here was a meticulously kept 16th century village that had somehow escaped not only destruction by war, but also the architectural evolution of the past four centuries.

There are scores of working wine villages in the Alsatian *vignoble* which retain this atmosphere.

I wandered up the main street feeling that I had cheated, that I had walked into a theme park without paying the entrance fee. But the storks in their nests high on the roof-tops were real. So were the tall, half-timbered houses, the cobbled courtyards, the leaded glass windows, the arched stone wine-cellar, the carved wooden beams and braces, the sculpted stone fountains, the broad arcades and covered passageways, the looming spires and crenellated

towers, the heraldic bears and lions, the endless wind-dow-boxes of bright garlands. At the upper end of town, I collapsed into a seat at the Restaurant Au Lion suffering from a surfeit of medievalism.

The restorative powers of a good Alsatian meal, however, are nothing short of astonishing. Was it the savoury *tarte à l'oignon* that put me back on my feet? The *coq au vin* simmered in Riesling? The golden, crispy-fried *spatzle*? Creamy Munster cheese? Perhaps it was the sip or two of a good Tokay d'Alsace Pinot Gris.

In any event, when a little

later I saw from the corner of my eye a long procession of buses winding its way down the *Route des Vins* I made a dash for my car. They could be headed anywhere - the Museum of Alsace Wine at the Château de Kientzheim, the birthplace of Albert Schweitzer in Kayersberg, the fortified church at Hunawir, or a hundred other places. It did not matter. I was going to follow them anyway.

Through the back window of the last bus I could see cheerful children making rude gestures to the drivers behind. Obviously, they were on to something good.

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## TRAVEL

## A side view of a small town in Uganda

Jack Barker gets a taste of everyday life in Rukungiri in its setting among the banana plantations

I had done gorillas by Saturday lunchtime and did not see the charm of trading tracking tales with Americans in tented luxury. Picking a destination at random from the map, I landed in Rukungiri, a small rural town in southern Uganda off the main routes and with no apparent tourist attractions. Except, that is, for its setting.

Across a range of green hills vast marabou storks flapped by on their heavy journeys between meals, although not much of this could be seen from my hotel - the Side View Hotel, which had, well, a side view.

The town was buzzing with small, cheap accommodation, bars and restaurants. I stopped for a drink in the nearest thing to a cinema: antimatassared armchairs set around a video screen with shelves of action videos from the US and Asia. None of the films was dubbed or subtitled in a country where English might be the official language, but not many people speak it. At 8pm they planned to show a film: I asked which. They answered: "What would you like to see?"

Rukungiri's main street, brown and splashy and pooled with mud, was cut off by a deep ditch. I left the cinema by a wood-burned plank on which countless beer-bottle tops had been nailed rough-side up to help walkers keep a foothold, and made my way to the Valley View bar to drink beer and read the national newspaper.

A woman found guilty of stealing a chicken had been fined a goat. Elections were looming and an opposition MP was quoted as saying that Yoweri Museveni, the Ugandan president, was "badly bred", which was "brave", considering the penalty for encouraging opposition voting seemed to be two years in prison. Good news: Aids rates had fallen from 30 to 22 per cent.

The landlord was not drinking beer: for a fraction of the cost he shared a glass of banana liqueur with two friends. He waved me over, delighted when I came. "I



The camera shop in Rukungiri: the main street, brown and splashy and pooled with mud, was cut off by a deep ditch

knew you were social," he said and handed me the half-filled tumbler. "This is made in the fields - just over there." He pointed at the darkening view. The cool liquid burned my throat and filled my nose with petrol-like fumes.

Bananas are an essential part of Uganda's culture. Throughout the country,

laden bicycles groaning under balanced branches of upturned green fruit bounce and rattle their way to the nearest market. Every slope is dotted with lush flat leaves and dangling purple flowers.

There are at least eight varieties, variously to be eaten raw, cooked and mashed, grilled or baked.

But perhaps the favourite use for bananas is field fermentation, heated in 40-gallon drums and distilled for instant amnesia. At 30p a flask, much is drunk immediately, while the rest is sold to the government to be triple-distilled - removing some of the more obvious toxins - into export quality Waragi.

By the time I had got the hang of home-brewed bananas, it had begun to seem that teams of earwigs had eaten the better bits of my brain. Time to eat.

I walked into a wall of Swahili gospel music at the Hope for the Best restaurant, where three young mothers tried to eke out a living serving traditional food in a clat-

ter of hand-built wooden furniture softened by lazy cushions and health department posters.

Mashed banana, sweet potatoes and tooth-defying beef were set out on my table and, as a concession to their western visitor, I was given three forks and a spoon. Service was by the restaurant translator, a tou-

sted girl with a winning smile but obvious health problems, and I started to regret smiling at the restaurant's name. I left a tip.

For the locals the night was not over. Thunderous Zairean pop echoed from the town hall, marking the start of the weekly disco. Declining invitations, I headed

back to my room at the best hotel in town - almost £10 a night - but got to enjoy the disco anyway. My bed shook with the music until dawn.

The town was a bit shell-shocked in the morning but the welcome was still the same, as was the spreading green view of rolling banana plantations. The mood, however, was tinged with a hangover of sadness.

As I focused my camera on the distant clouds, a quiet voice at my side caught my attention. It was a young Rwandan refugee wearing a baseball cap and a big smile.

"You see that woman by the shed?" I hadn't noticed, the woman had just been foreground. "She's just been sick. You'll see when you get your photo back. She's got no medicine: we're really living like chimps here." Her voice was free of resentment. "I didn't see you at the dance last night. Are you social?" She started to reel off the names of prominent aid workers and local celebrities. "They're all my friends. Sometimes they come by helicopter here."

Then she pointed up the hill at another hotel. "You see that place? We call it 'The Diplomat'. She giggled. "We could go there now if you like." But I had chimps to meet.

Jack Barker travelled to Uganda with Alliance Air (0181-944 5012), which flies to Entebbe, Dar Es Salaam and Kilimanjaro International airports three times a week from London Heathrow. Fares start at around £500.

Transport within Uganda and visits to chimps and gorillas were provided by Abercrombie & Kent (0171-559 8666), which specialises in tailor-made and scheduled travel in the area.

Alternative operators to Uganda include Art of Travel (0171-738 3030).

Uganda has been spared the petty crime that afflicts many east African countries, but political instability makes some areas unsafe. Kampala's British High Commission is aware of where the problem areas are. Check with the Foreign Office on 0171-235 4503/4504.

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TRAVEL

# Angkor – simply in a class of its own

Violence and crime did not deter Stewart Dalby from returning to Cambodia to see its ancient temples

Indulge me for a minute. Or, rather, indulge my eerie sense of déjà vu. The last time I flew into Cambodia the Khmer Rouge was just about to overrun Phnom Penh. The aircraft manoeuvred violently to avoid rockets and, after landing, we had to run for the terminal.

Now, here I was again, 23 years later almost to the day, heading back to Cambodia to Siem Reap, not too many miles from where the Khmer Rouge was fighting its final battles with the government army.

The mass murderer Pol Pot was about to die. That morning on the radio, an interview with Roy Hawes, father of the missing British mine-defuser, underlined how dangerous Cambodia could still be. A bloody coup in July last year stopped the country's growing tourist business in its tracks.

I was not expecting such a dramatic flight this time, although I was nervous. But Siem Reap is the town for Angkor Wat. The chance to visit the fabulously complex was too good to miss.

I need not have worried. Once in the town's rural dormitory, with its familiar pantomime of Cambodian street life, my anxiety evaporated. Whole families on motor-scooters clutched chickens and geese, and wove among the more leisurely cycles. The white buildings and airy boulevards remained. The heaving street markets sold army surplus goods, car parts and silver jewellery. Beyond the noodle stalls and coconut drink stands, small boys jumped into the chocolate-coloured river to cool off. Men were having their hair cut in the street. All seemed friendly and welcoming.

Work on some of the hotels had stopped because of the coup and the shortage of tourists. But Le Grand, which I remembered as a slightly down-at-heel French colonial establishment, has been transformed by Singapore's Raffles International Hotel into a luxury, five-star hotel. It has kept its original lift – built in 1929 – a polished wooden cage, with wrought-iron gates and brass fittings. It deposits you opposite the Henri Mouhot suite.

Henri Mouhot was the French naturalist who stumbled across the forgotten city of Angkor Wat in 1860. The Khmer hadn't forgotten it, of course. When Mouhot found it, starting a craze for this hidden world, there was a prosperous monastery tended by 1,000 slaves.

Part of the attraction today is that Angkor has been off limits for so long, sealed away by massacre and war. Direct flights to Siem Reap restarted only a few months ago.

But the attractions are more than that. Mouhot wrote: "It is grander than anything of Greece or Rome. Others have compared it to Peru's lost Inca City of Machu Picchu." I have never been to Machu Picchu, but I have seen the pyramids in Egypt, the temples in Pagan, Burma, and in Borobudur in Indonesia, and

the Taj Mahal in India, and I subscribe to the widely held view that Angkor is in a class of its own.

Angkor Wat is a generic term for a complex of about 200 temples stretching over 25km. They symbolise a golden age of five centuries (AD600 to 1400) when Khmer civilisation was at its zenith. More than half of south-east Asia, from Burma to the tip of Indochina and from Yunnan to the Malay peninsula, fell under the sway of the Khmer. The temples are the skeletal remains of a spectacular administrative and religious empire.

The Angkor Wat temple itself, among the best preserved and least looted, is breathtaking and

My fortune was told by an old man who measures the bones in your hands and makes a little skeleton

was probably built for Suryavarman II (1112 to 1152). With its five towers and three levels, it sits majestically beyond a vast moat like some sea monster rising from the depths. Particularly striking are the intricately carved bas-reliefs, depicting epic battles of Hindu mythology.

The temple faces west – the symbolic direction of death – meaning it is best seen at sunset. Angkor Thom, on the other hand, faces east, so should be seen first thing in the morning. An ancient city 10km across, it was built by the greatest Khmer king, Jayavarman VII (ruled 1181 to 1201). It once had a population of 20,000, according to early Chinese travellers, and its centrepiece is the Bayon, or temple.

My guide, Lorn, said that while most Khmer preferred Angkor Wat, foreign visitors tended to like the Bayon best. I agree. By the time the Bayon was built, Theravada Buddhism had begun to take over from Hinduism as the dominant motif of the temples. Less imposing than Angkor Wat, the Bayon's architectural flourishes are somehow more delicate and less severe.

It was here I had my fortune told by an old man who measures the bones in your hands and makes a little skeleton for you. I was very successful when I worked for a big company but less successful now I worked for a small one (true). My children would not have to look after me in my old age since I had lots of property. So that's all right then.

The third temple to see is Ta Prohm, which has been famously left to the jungle. This is the temple of the Hollywood imagination, the lost world of Arthur Conan Doyle and Indiana Jones rolled into one. Norman Lewis, in his classic 1950s book on travels



Angkor: part of the attraction is that it has been off limits for so long, sealed away by massacre and war

## Information

Stewart Dalby travelled to Cambodia with Western & Oriental (0171-221 9677) which has return flights from London to Phnom Penh via Siem Reap on Thai Airways from \$268 economy return. Rooms at Le Grand in Siem Reap start from £200 a night including breakfast; about the same at Le Royale in Phnom Penh. Visas can be purchased for \$20 at either airport, but a passport photograph, malaria precautions are essential. For latest local advice, see the British Embassy in Phnom Penh, tel: 427124.

The guide books tell you the capital is not really a tourist town. Do not believe it. The museum, with its statues and artifacts from Angkor – and bats in the roof – is worth a morning of anyone's time. So, too, is the Silver Pagoda, so called because of its floor of solid silver, and the

royal palace when it is open. Less joyful is Tuol Sleng, the primary school which became a torture centre under the Khmer Rouge. One should go, though.

But it is the look and feel of Phnom Penh that appeals. Like all the towns of Indochina where the French bothered to build, it is a captivating combination of leafy boulevards with pastel-coloured buildings juxtaposed with Buddhist statues and temples. There are wonderful street markets. And best of all is to linger on the waterfront on an old colonial terrace with a coconut drink.

The Foreign Office warns visitors not to go beyond the main temple complex or travel outside the capital by road, rail or boat because of the increase in armed crime and the unsettled political situation.

# Cambodia's household gun culture

Weapons are everywhere – although the war is over, writes Ted Bardacke

I can't hit a thing. I've got an MP-5 shaking in my hands and a set of metal targets just 22 metres away. The Sun weapon – "coolest anti-terrorist gun around these days,"

gushes a gun-loving friend of mine – is set to fully automatic and I am blasting away with abandon.

Suddenly those action movies, where some Bruce Willis-Jackie Chan hero flies through the air and escapes unscathed from a volley of automatic fire, seem more plausible. But I am no marksman, and even when I move on to a 1928 Tommy-gun, made famous by US gangsters in the Prohibition era, the targets fail to fall.

But hitting the targets is apparently not the point at Phnom Penh's Marksmen Club, billed as "the world's biggest and best fully automatic weapons range". Instead, we are invited to share in Cambodia's menacing and destructive gun culture. Buddhism's deadly antidote which values might over right and gives ultimate respect to the strongman.

Sick is one description that comes to mind when surveying the shooting range – complete with tanks, guard towers and armed black-clad eastern European security personnel. With weak government and a strong militia, "there is no authority in Cambodia, only powers resting on money and weapons," notes Stephane Rousseau, a human rights worker. "Virtually any argument will degenerate into open violence with the use of weapons, and most often weapons of war."

But as I aim an AK-47 at a wrecked motor scooter, the range seems somehow appropriate. Who wouldn't want to know about guns in a violence-ravaged country where even wedding parties can be fatal because of the mixture of free alcohol and gun-toting guests.

Guns are everywhere in Cambodia. Driving out to the shooting range on a dirt road, I pass a new clothes factory and a flock of table-ready ducks; both are guarded by armed men. The fortnightly Phnom Penh Post runs a morbid "Police Blotter" column. "Ek Sammang, 15, was killed by gunmen who shot at the ground but the bullet ricocheted, hitting her as she was trying to stop her friend from arguing with her boyfriend. The offenders escaped," reads one typical entry.

Victor Chao, gun devotee and owner of the Marksmen Club, is grateful for the ready supply of guns in the country. After last year's coup engineered by second prime minister Hun Sen, "I put the word out in the market that I wanted to buy guns and this is what happened," he says, sweeping his hand over a table laden with dozens of guns.

"I got 30 pieces I never dreamed I would get a chance to buy. These are not meant to be available to civilians or any shooting range. But after the fighting, private collectors wanted to liquidate and flee the country."

And where did those "collectors" acquire such an arsenal? "Look at the weapons," says Chao. "They're both east and west bloc. The main source has to be the United Nations forces [in Cambodia from 1991 to 1993]; guns those guys left behind."

Chao himself is a larger-than-death Cambodian icon: black combat trousers, black webbed leather, high-top sandals, and a black T-shirt topped by a Cambo-

dian khrama and a medallion with the image of Hun Sen. Strapped to his belt are a walkie-talkie, mobile telephone, flashlight, gun and a very big knife. Nipping at his heels is an Alsatian pup that goes crazy when he starts emptying magazines – left-handed. "In case you're riding alone on a motorcycle and someone tries to attack you. You've got to keep your hand on the throttle and shoot your way out of it," he explains.

He's not joking. A couple of years ago, a Bulgarian on his staff was shot by drunken soldiers as he rode his motorcycle home through downtown Phnom Penh.

Chao is a Taiwanese-American who made a fortune in the textile business in the 1980s. He became involved with guns when he lived in Los Angeles 10 years ago and is now an "Honorary Goodwill Ambassador for the State of California". Arriving in Cambodia with the UN to open the Manhattan nightclub, he "fell in love with automatic weapons".

"I've gone from being a yuppie with a notebook computer and modem to a GI Joe survival guy. It's all derived from paranoia. I'm very ready for hostile

'They don't come to see Angkor Wat. They come to shoot. Launch an M-79 grenade'

engagement," says Chao. The Manhattan, notorious for its European Ecstasy and Vietnamese girls, breeds such paranoia. Customers are checked not only for guns, but explosives as well. Those caught with drugs are asked to leave and given a warning; only a second offence brings a call to the authorities.

"Here in Cambodia it's a survival thing. You need weapons for home defence, business defence and, in between, road defence."

For all Chao's seriousness and that of his weaponry, the shooting range is supposed to be fun and his clientele is as varied as the weapons. The Chinese go for the mounted machine-guns, getting a kick out of their big sound. Europeans like Glock pistols and the sniper guns, especially the precision Dragunov. Backpackers tend to choose the AK-47 because the ammunition is cheap.

Chao's three-day shooting tours, complete with free drinks at the Manhattan and entry to its neighbouring casino, has so far attracted mostly Russian and Hong Kong bankers, he claims. "They don't come to see Angkor Wat. They come to shoot. Launch an M-79 grenade. It just takes all your frustration out. It's very therapeutic."

Cambodians go for what they know – AK-47s, K-S4s, K-98s – and handle them with expert ease. "Cambodians are not intimidated by automatic weapons," says Chao. "Most deaths and injuries in Cambodia come from artillery and landmines. To Cambodians these are toys; harmless items of the household."

Until someone gets shot, however, and your house turns into a battlefield.

# A course in Spanish style

Alan Harrison takes a driving tour of Spain's famous Parador hotels

At first I was not sure if they were real, those distant snow-capped peaks, half-hidden among the clouds above an otherwise empty sea. As you sail closer they become more solid and you realise that you are seeing the Picos de Europa, the mountain range that runs along Spain's northern coast.

An hour or so later we had disembarked in Santander, a city with a busy commercial port alongside a sailing marina full of expensive-looking yachts.

A five-day tour staying at state-run Parador hotels – often old buildings, castles or perhaps monasteries, stunningly restored – was to be my introduction to three Spanish regions. We touched on Cantabria, Asturias and Castile, where 90 per cent of tourists are Spanish. The area had the uncanny ability to look like, or remind you of, other parts of the world, but then turn that impression on its head.

On our tour, respect was not only paid to the bricks and mortar in these hotels, some of them beautifully furnished, but the Parador restaurants always feature local dishes – so guests get the full regional experience.

Typical of the regions we visited were the undeveloped and quiet beaches which stretched for miles before some picturesque fishing village appeared. A good example was Cudillero, with small, brightly painted houses clinging to the hills that dropped sharply to the sea. We were there during the hake festival – a fine fish much loved by the Spanish – and many of the restaurants produced special menus which were a tribute to its versatility.

Further inland, the menus change dramatically and meat assumes the ascendancy – especially chorizo, the ubiquitous spicy Spanish sausage.

Driving south towards Leon, a natural treasure, is the Liebana valley. From the north, it is approached through La Hermida, a 12½ mile (20km) winding road hacked out of the cliffs alongside the River Deva. In places the gorge is so deep that in winter sunlight never reaches the bottom. The Liebana valley could

be straight out of *Lost Horizon*. It is protected on all sides by mountains and, when cold winds blow rain off the Atlantic to the north or the Castilian plains to the south, Liebana can be pleasantly warm. Vineyards abound

Liebana can be warm. Vineyards abound and almond trees thrive

on its southern slopes and almond trees thrive. Potes is the biggest town in the valley and it is the drinks centre where sweet *tostadillo* wine is made, along with *orujo* – a strong distillation, made palatable by the addition of honey.

The hotel in the valley is relatively new for a Parador, as it was built in the 1960s in an effort to open up the area for tourism and mountain walking. Fuente De is unassuming from the outside but the interior has been designed in the style of the local hunting lodges. It was built at the same time as a cable car, which gives spectacular views.

After an afternoon in the clouds – and in the town, sampling its liquid delights – we had dinner in the hotel where the fondness for hunting was celebrated with a menu offering huge quantities of sliced duck, served in a rich redcurrant sauce, and wild boar.

The vegetation in the coastal parts of Cantabria and Asturias, the *Costa Verde* or green coast, is watered by the melting snows from the mountains which gives everything a just-washed look.

After crossing the mountains again we rested in the coastal town of Gijón, where cider is the popular drink. Paradoxically, it

can be identified because the bottles have no labels. The brand of cider is only evident when the cork is pulled, for that is where you find the cider maker's name. It is also served unusually. To put some air into the drink, the waiter will pour only a small quantity from the bottle held above head height into a glass held around his knees. Everywhere we went restaurant owners and waiters were more than happy to let tourists pour the cider. Have a go, but remember: you will get very wet.

Turning inland for the last time we travelled south and, having crossed the mountains, once again descended on to the Castilian plain heading towards Leon, where the scenery changes sharply.

Gone are the conifers of the mountains and the eucalyptus trees of the coastal belt. This is flat, wheat-growing land with coal mining villages dotted around. Leon's Parador is a five-

star hotel built in what has been, over centuries, a monastery, hospital and a stop for pilgrims to Santiago. Just like the other hotels the rooms were decorated in regional style – which means exposed beams and highly polished wooden floors with rugs. Bathrooms are modern, a tribute to the ceramic tile with never a pipe left showing.

On leaving Leon we headed back into the mountains for our last night at Cervera de Pisuerga, which has spectacular views over a huge reservoir. Although only

90 minutes from Santander, this is wild country and our guide insisted that there were bears and wolves in the area. A drive to the hotel took us round three reservoirs along sometimes little more than a single-lane track which hugged the mountains – often only inches above some very blue and very deep water. If you visit when the spring thaw is under way, you will find the reservoirs almost full and the topmost branches of hundreds of trees sticking out of the water.

Parador hotels are far removed from standard international hotel chains. There is talk about privatising them, so there may be no better time to try them while they have that singular Spanish style.

Alan Harrison travelled to Spain on Brittany Ferries from Plymouth to Santander (0990-360360) and stayed at Parador hotels in Santillana del Mar, Potes, Gijón, Leon and Cervera de Pisuerga. Ferry fares start at £213 return for two adults and a car. Hotels range from three-star hunting lodges to castles. Rates for a twin room with en-suite bathroom start at £72 a night. Brittany Ferries can pre-book hotels or supply hotel vouchers.



## MOTORING

## A model of practicality

Haig Simonian talks to designer Anne Asensio, a rarity in a male-dominated sector



Anne Asensio: trying to reduce the size of vehicles without reducing the amount of space inside

**Y**ou're writing about Renault car design and not interviewing Patrick Le Quément? "Who else is there?"

Such incredulity is understandable. Le Quément, the French carmaker's executive vice-president for design, and, since 1985, also for quality, is one of the high-profile regulars of the international styling circuit. Dapper, polite and immensely talented, he is also ubiquitous.

That is why I wanted to meet Anne Asensio, the woman in charge of small and medium-car design at a company best-known for its innovative compact vehicles.

She and her husband Gérard - also a Renault designer - are believed to be the only married couple working together in car styling. And, as a woman, she stands out in a male-dominated world.

Trained in Paris, she came to Renault's attention more than a decade ago in the unlikely circumstances of having won a prize for a design concept for a horse transporter, which had put her into contact with coach-builder Heuliez.

"I love riding," she confides. Horses, along with cars and fast motorcycles, remain her passions.

The prize led to a stage in Renault's design department. That was followed in 1988 by a Renault-sponsored stint at the Centre for Creative Studies in Detroit, before she returned to headquarters full-time the following year.

ory, says a lot about her design philosophy - and why her face fits at a company synonymous with practical vehicles full of clever ideas for passengers. "I made you think about the humanistic element. You had to think about the interior, about the wellbeing of the animals inside," she says.

The story of how she met her future husband (he had been working for Renault since 1977) has gone down in company lore. "I was new and didn't have anywhere to sit. He asked me if I wanted to share his office. After that, well, you know..."

Since then, they have worked on separate projects. But what makes the Asensios particularly special is that she is, technically, the senior of the two. Promoted to head the small and medium-sized car department in February 1997, she already ranks, aged 35, equal third in the hierarchy behind Le Quément and Antony Grade, who is head of car design and brother of Michael Grade, former head of Channel 4 television in the UK. That puts her alongside Jean-François Venet who has the same status and is responsible for bigger cars.

Did being a woman help her career? "No doubt about it. But remember, if I'd been useless, no one would have bothered with me, woman or not."

Gérard Asensio, meanwhile, occupies a senior post in the design department, but without such formal responsibilities. Is she the boss?

She puts it diplomatically. "In a way, yes, and in a way, no. You know, it's very hard to make such distinctions. Patrick [Le Quément] has a very fluid structure in the department."

Gérard was project manager for the whole Mégane project. That was a very big responsibility considering the model's importance for Renault and the breadth of the range. The manager is very important during the life of the project."

With the virtual completion of the Mégane family

**What makes the Asensios particularly special is that she is, technically, the senior of the two**

(the final model, a station wagon is due from the group's Turkish operation later this year), the Mégane has moved off the drawing board into the driveway. So while Gérard Asensio has been swallowed up in Renault's large car design team, Anne's fame has grown.

Her relationship with the Mégane range, Renault's biggest success story in years and Europe's market leader in the popular so-called "lower-medium" segment in recent months, is inextricably linked with the variant which has made the range such a winner.

It was her Scénic concept car - an unconventional

multipurpose "people carrier" unveiled at the Frankfurt Motor Show in 1991 - that provided the basis for what became easily the most popular Mégane.

Scénic people carriers substantially outsell conventional Mégane saloons and hatchbacks. Even after the introduction of three-shift working and expensive modifications to raise capacity at the Douai plant in northern France, Renault is still struggling to cope with demand for the Scénic.

But with every carmaker in Europe rushing to build Scénic lookalikes, I have to ask about the car's genesis. Was it always intended that it should go into production, or was the response to the Frankfurt concept so favourable the project became irresistible?

"You know, we have two philosophies at Renault when it comes to concept cars. The first just stretches designers' imagination. The second is to work on models for future production," she says. The implication is that the Scénic was a bit of both.

"We wanted to create a new genre. The biggest possible packet inside in the smallest possible exterior."

But the result was no fluke. "The only way to have done the Scénic was to have conceived it as part of the Mégane range from the start. We were already pretty sure, Frankfurt just confirmed our feelings."

She does not seem to mind still being best-known for a concept car now nearly seven years old. But the focus may finally be shifting. Last year's promotion made her responsible for the new

Clio, now on sale, and for the forthcoming Twingo facelift.

Both are inextricably linked to Renault's image - and earnings. The Clio is second only in sales to the Mégane. In Britain, it has even developed a cult following thanks to some clever television advertising. And the tiny Twingo, although not sold in right-hand drive versions, has been a stunning success, virtually opening a new market for minicars.

Asensio says it is Renault's attentiveness to what motorists are looking for that has enabled it to devise such innovative and popular vehicles before its competitors. Apart from the Twingo and Scénic, the company did much the same with the original Espace of 1984. "We're trying to make cars more attractive to different types of people. When we understand different clients, we have a better understanding of what we should do," she says.

Are more head-turners due? French motor magazines are convinced Renault is working on a city car even smaller than the Twingo.

Asensio, aware that her new corporate responsibilities militate against straight talking, hesitates a second. Then her native candour takes over. "We're always trying to reduce the size of vehicles without reducing the amount of space for the people inside."

But while the minicar, believed to have back seats facing rearwards to save space, is being considered, it is by no means certain it will go into production.

Road Test / Stuart Marshall

## New, yet familiar

**V**olume-produced cars are so good nowadays it is legitimate to ask if there is any point in paying premium prices for prestige marques such as Audi and BMW, Jaguar and Mercedes.

If you are groaning under a big mortgage and having to pay the new nanny a king's ransom, the answer is probably not. But if you can look the bank manager straight in the eye, have sympathetic business partners or an understanding finance director, and fancy a new BMW 3-Series, my advice is to go for it.

Admirable cars though the Mondeo and Vectra of this world are, the BMW is simply better. The feel-good factor when you get behind the wheel of a new 3-Series is difficult to quantify, but will

be familiar to anyone who has swapped a mid-range camera for a Leica, or opened a bottle of Château Léoville-Barton after finishing a case of Côte-du-Rhône.

The new 3-Series is the fifth generation of compact BMW saloon and the kind of performance and handling a keen driver can appreciate. Over the years I have driven them all, starting with a 1600-2 in 1966 and moving up through various 2002 models, including the 170-horsepower Turbo, a really hot number, and, in 1974, the first of its kind to go on sale.

The first compact BMW to be called a 3-Series appeared soon afterwards. Initially with four-cylinder engines and then with in-line sixes, setting a pattern for the future. Inevitably, the 3-Series has grown a little big-

ger, but more on the inside than the outside. The new one is almost as spacious as a 5-Series of a couple of years ago and much roomier than the last 3-Series in the back. But it is nearly 30cm shorter than the existing 520 and only 12cm longer than the original 3-Series of 1975.

Some things never change. As always, the 3-Series is the benchmark car of its class. The 1.9-litre four-cylinder and 2.3-litre and 2.5-litre six-cylinder engines drive the rear wheels through five-speed manual gearboxes with swift, silken shifts, or optional automatics. Styling has become curvier over the years but the new 3-Series is instantly recognisable as a BMW.

Although no one could possibly mistake it for anything but a 3-Series, every

part of it is actually new - except, as BMW points out with legalistic exactitude, for the sump plug. The down-swept roof gives it almost the profile of a coupe.

The interior is light and airy-looking; the control layout will be familiar to any BMW owner. An optional multi-functional steering wheel has buttons for operating the radio (now a standard fitment), the cruise control and telephone.

Every one of the new 3-Series models has ABS anti-lock brakes, ASC-F and CBC - the latter two are electronic systems that reduce the risk of the car getting out of hand if a driver's enthusiasm outruns his or her skill.

Even more ingenious is DSC (dynamic stability control), an optional extra only available on the 328i which



BMW's new 3-Series: every part, bar the sump plug, is different from the current one

virtually eliminates the risk of the car taking charge should a wet bend be entered too quickly.

Yet another optional electronic gizmo is TPC for tyre pressure control. This permanently monitors tyre pressures and warns the driver if there is a slow leak or one is about to deflate suddenly because of a puncture.

My driving experience of

the new 3-Series is limited. First was a dash in a 318i along the Milan-Venice autostrada to Bergamo, where, sadly, there was nowhere to park. And second, a tour round the Lago d'Isèo, where the mainly narrow roads were busy with holiday traffic, in a 328i automatic with an optional sequential manual shift.

The Italians do not allow the autostrada speed limits

to cramp their style. While satisfying myself that the fairly low-geared 318i was happy to cruise where safe, to do so at well over 100mph, I was constantly overtaken by family man in small Fiat. (So much for the official belief that increasing petrol prices will make drivers slow down.)

The 328 was a relaxed though spirited drive when left in automatic. Slipping

the selector lever a few millimetres sideways allowed the gears to be shifted manually by a simple push or pull, as in the Volvo S80 5turbo that impressed me so favourably last week.

On-the-road prices of the new 3-Series, which are due in Britain this autumn, are marginally lower than those of the current models if specifications are adjusted. They start at £19,745 (the entry model 318i) and go up to £28,145 for a 328i SE.

Air conditioning is standard on all but the 318i. Going through the list of desirable extras (leather upholstery, satellite navigation systems, powered glass sunroof, parking distance control and so on) could boost the price of a 328i SE to well over £30,000.

If cost is of prime importance, a similarly sized high-volume car with absolutely everything fitted as standard might seem a better bet than a non-air-conditioned 318i. But if you (or your company) think the BMW experience affordable, you will find it unforgettable.

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# Weekend Investor

Wall Street

## The risks that could scatter the bulls

Richard Waters listens as the Fed's chairman spells it out to Congress

When this bull market finally comes to an end (as one day it surely must), what will be the immediate cause? Wall Street was given a glimpse of two possible answers this week. But while this was enough to produce the third-worst one-day fall that the Dow Jones Industrial Average has seen this year, the market's demise might still be some way off.

It took Alan Greenspan, chairman of the Federal Reserve, to focus Wall Street's attention. The miraculous thing about being the Fed chairman is that you don't have to change what you say to make people sit up and take notice, just how you say it.

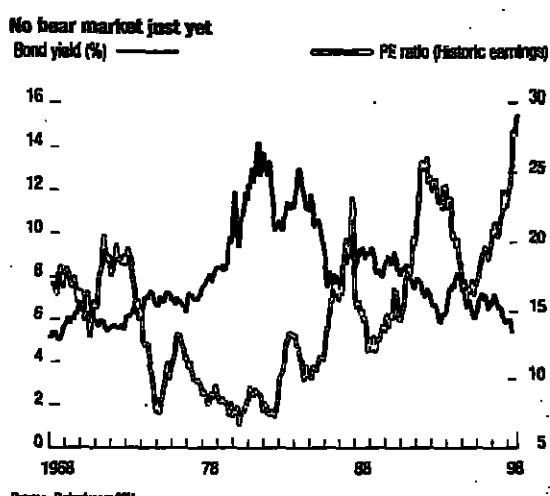
That was what happened this week when Greenspan went to Congress to offer his half-yearly commentary on the state of the economy. The Fed's position has been well-known for some time, but having Greenspan spell it out made the risks to the stock market seem all the more real.

The first risk comes from higher interest rates. The Fed has had its finger on the interest rate trigger since March: any sign that the US economy was about to overheat would bring a rapid response in the form of higher rates.

But is Greenspan about to pull the trigger? Certainly not, according to most Wall Street economists. Indeed, Dick Hoey, a fund manager at the Dreyfus mutual fund group, opined that the Fed chairman merely was indulging in a pastime common to all central bankers - talking tough to boost his credentials as an inflation-beater.

According to Hoey, this rhetoric was particularly necessary for Greenspan since his relative lack of concern about inflation recently has antagonised the hawks on the Fed's policy-making committee. With no real need to raise rates, it was easier for him to put on a show to appease this constituency. However, the mere reminder that higher interest rates remain a possibility was enough to spook the stock market.

The second risk stems from slower corporate earnings growth. This has been



apparent for some time: the first half of this year has seen the profits boom of the 1990s slow to a crawl. Greenspan, who for some time has done his best to point out that earnings cannot keep rising at more than 10 per cent a year forever, delivered the message again this week. Wall Street needs to "adjust to a less optimistic view of earnings prospects", he suggested.

So, which of these two risks - higher interest rates and slower profit growth - should investors fear the most?

The former, if history is any guide. The level of interest rates traditionally has been the biggest factor behind the end of bull markets.

As rates rise, stocks become relatively less attractive as an investment medium, while companies and consumers face higher interest costs and so have less money to invest or spend. The result is a collapse in the price/earnings multiple on stocks (see chart).

For now, though, higher interest rates still seem some way off - and it is a slowdown in corporate earnings that is proving the more immediate concern for the markets.

A handful of the 30 companies that make up the DJIA have issued cautious statements about their prospects in recent days. These included Boeing (shares in which fell 18 per cent during the week), DuPont (down 10 per cent) and Merck (11 per cent). Such comments served

to provide Wall Street with an uncomfortable reminder of just how high US share prices have risen.

"The market's got ahead of itself," said Doug Cliggett, equity market strategist at J.P. Morgan. According to his calculations, stocks are about 11 to 12 per cent above where they should be, based on the level of expected earnings and yields in the bond market.

Periods of over-valuation like this usually have meant higher volatility in share prices, as investors start to worry more. Big swings like those seen recently - the Dow had risen more than 8 per cent in a month before falling back nearly 5 per cent this week - become more common. The volatility persists until there is a general belief that earnings have grown enough to "catch up" with valuations and it is safe for stocks to rise again.

These have not normally been the conditions that create a prolonged fall in share prices. "It's very rare that a high valuation alone creates a bear market," said Dreyfus's Hoey.

That does not mean it cannot happen, of course - but it should at least be a source of some comfort as the US stock market bounces around at close to its all-time high.

**Dow Jones Ind Average**

Monday	9,295.75	-42.22
Tuesday	9,190.19	-105.56
Wednesday	9,128.01	-61.28
Thursday	9,932.98	-195.83
Friday		

London

## ICI breaks the pain barrier

Jonathan Ford sees further evidence of a slowdown

The profit warning season opened in earnest this week. After a steady trickle of cautions from FTSE 250 companies in recent months, one of the market's big beasts finally came forward on Thursday and invited investors to share its pain.

That it was ICI came as only a moderate surprise. The chemicals group had been hinting for some time that all was not well in spite of its costly revamp last year into a supposedly less cyclical producer of fragrances and flavourings.

The group's problems could be summarised in two words: sterling and Asia. Analysts, who had already downgraded ICI's profits this month following a series of controversial telephone briefings, topped a further 40 per cent off their forecasts. The shares fell by 14 per cent to 780p.

ICI was not the only com-

pany to issue a profit warning on Thursday. Cookson, the specialist engineer, cautioned that its electronics division faced a rough ride because of turmoil in Asia.

The warnings came amid continued anguished debate about the state of the manufacturing economy, given fresh impetus by Rover's decision to make 1,500 workers redundant at its car plants. The German-owned producer blamed the strength of sterling for the cuts. Gordon Brown, chancellor of the exchequer, attacked Rover's management for not doing enough to raise productivity.

The trade figures for May, published on Thursday, provided further evidence of the slowdown in manufacturing. The UK's deficit with the rest of the world widened from £1.6bn to £1.8bn - the largest monthly shortfall since July 1990.

DeAnne Julius, painted

dra of the Bank of England's monetary policy committee, again warned that interest rates could already be too high. "There is a danger that we could be causing a more severe slowdown than we actually need in order to hit our inflation target," she said. A sharp slowdown in June's retail sales figures appeared to lend credence to her views, although some blamed the World Cup and the unusually wet weather.

The interest rate debate and ICI's profit warning highlight a continuing problem for investors. The outlook for corporate profits has become extremely difficult to predict. According to Dresdner Kleinwort Benson: "Earnings uncertainty is set to be an ongoing and critical theme in the UK market over the coming months."

The market is going through an extended period of profit downgrades. The left-hand chart illustrates how analysts have changed



The corporate beast wants to share the pain

their earnings-per-share growth estimates for UK equities over the past five months - and how puzzled analysts are by events. For while forecasts for the present year have been cut - if too little to stem the rising tide of profit warnings - growth forecasts for the following year have actually risen. At the same time, estimates of future economic growth have tumbled.

One theory advanced to explain this phenomenon is that analysts still find it difficult to quantify the impact on earnings of the high pound and the fallout from Asia. In particular, they are uncertain how long the resulting unfavourable conditions will last.

To date, the approach seems to have been to concentrate on reducing forecasts for this year. Next year, estimates have either been left unchanged or cut by a lesser factor. Consequently, estimates for this year have been reined in from 8.5 to 6.2 per cent, while the implied forecasts for next year's earnings growth have actually risen from 9.9 to 11.7 per cent. This seems to suggest that the turbulence companies are experiencing is temporary and, once gone, growth will continue as before.

This looks increasingly optimistic, for two reasons. First, it contradicts what economists are saying. Dresdner Kleinwort Benson has cut its forecast for gross domestic product in 1999 from 2.1 to 1.1 per cent. If growth slows at this rate, a rash of big downgrades looks almost certain. Negative sentiment, already a drag on the market, will worsen.

Second, as the right-hand graph shows, investors appear not to believe it. They are switching out of equities into cash and bonds. Cash holdings by pension funds now stand at their highest level since the end of 1990, just before the last recession.

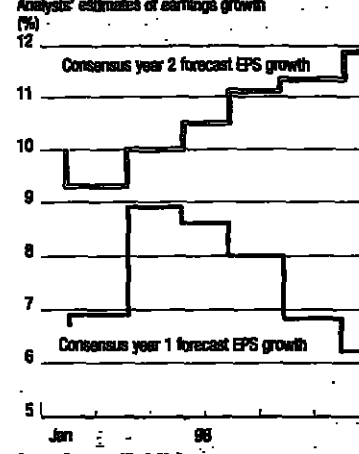
The message that forecasts have further to fall seems to be getting through. Ian Williams, market strategist at Panmure Gordon, warned this week that, given the economic outlook, "forecasts still look wildly optimistic".

Bad news for manufacturers tends to hit the medium-sized stocks rather than the internationally traded blue chips, which are more weighted towards banking and financial issues. Following ICI's warning, the FTSE 250 index fell by 1.5 per cent, while the FTSE 100 lost just 0.2 per cent.

Not that the blue chips had a good week. Having started on Monday at an all-time high, the FTSE 100 index slid backwards to end the week 4.5 per cent lower at 5,892.3. The trigger was a bearish speech on Tuesday by Alan Greenspan, chairman of the US Federal Reserve, in which he again warned that US share prices were overvalued. But, if recessionary fears slip over into the service sector, things could get a lot worse for the big boys, too.

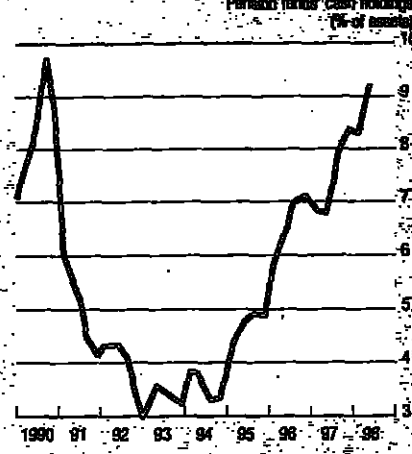
### Confusion reigns over outlook for profits

Analysts' estimates of earnings growth (%)



### Permanent sterling cash holdings

% of pension funds



### Highlights of the week

	Price	Change	52 week	52 week
FTSE 100 Index	5892.3	-281.7	6779.0	4711.0
Aldi's WS	952 1/2	+84	652 1/2	260 1/2
British Aerospace	913	+55	587	307 1/2
British Steel	124 1/4	-18 1/4	159 1/2	121 1/4
C&G	2285	+80	2257 1/2	611 1/4
GNV	770	-117	930	485
ICI	737	-233	1244	720
J&J Sports	593	+81 1/2	822 1/2	420 1/2
Movet	136 1/4	-37	252	136 1/4
Maya	3097	-451	3723	1384 1/2
RMC	885	-119	1400	740 1/2
Sedgwick	146	+11 1/4	171	114 1/4
Shire Pharmaceuticals	520 1/2	+33	548	240 1/2
Stagecoach	1285	-125	1477 1/2	638 1/2
Wills Cotton	189	+23 1/2	189 1/2	115 1/2

Barry Riley

## Euro's early honeymoon

But what chance is there of an enduring marriage?



First, the starry-eyed romance of engagement, then the brief and euphoric honeymoon (in euphoria, perhaps) and, finally, the long, tough business of marriage which can so easily end in tears, especially with 11 in the bed. Is this how European monetary union will develop?

Fighting their tooth has proved to be the easy part for the cohabitants of Euroland. With only five months to go before the merging of the currencies, the economic and financial picture is generally rosy. Squeezing within the Maastricht limits last year proved to be the unpleasant bit. Now, Euroland is coasting towards the year-end on a wave of cheap money.

Securities markets love a theme, and monetary union is a cracker. Brokers can spin endless yarns about restructuring, economies of scale and heady growth. Euroland's global performance league table this year, headed by Finland with a 75 per cent gain (measured in D-Marks). Stock markets in some of the "bubble" economies, boosted by sharp falls in interest rates, led the way in the first quarter but the core economies such as Germany, France and Belgium have taken up the running lately. Average gains of the Euroland "ins" have topped 40 per cent, against less than half of that for "outs" such as the UK or Denmark.

Cyclically, everything about continental Europe points

upwards. After years of sluggish economic growth, average unemployment in Euroland is 12 per cent and there is a large gap between capacity and output (whereas the US and UK are running at above sustainable output). A low exchange rate has been engineered, to the frustration of German companies such as BMW which thought the UK was a cheap offshore production platform.

Everything about continental Europe points upwards. Even so, some snags are starting to appear

Inflation is almost unmeasurably low, and company profits are rising fast thanks to productivity gains in the cyclical upturn and low raw material costs. This is not so much Goldilocks as Aladdin's Cave.

Even so, some snags are beginning to appear. There is the Asian crisis which is damaging exports, especially of capital goods. The looming Russian problem periodically threatens Germany in particular, although the latest IMF bail-out has stabilised the situation for the time being.

Arguably, the kind of sharp and sudden economic slowdown that appears to have hit the US in the second quarter also is afflicting Europe, albeit less seriously. Germany has slowed after a good first three months and Italy is turning into a laggard, apparently overburdened by the high taxes and employment costs imposed to

leap the Maastricht hurdle. The European Central Bank is preparing to assume power at the end of the year. But not only does it still have to decide precisely which mix of inflation and monetary growth targets it will adopt - it has the problem that useful European-wide statistics do not yet exist. In due course it will develop some monetary benchmarks, but to begin with it will be flying more

or less blind. Moreover, the ECB will have to play very tricky politics in dealing with national governments. If the one-size-fits-all monetary policy is not to prove a disaster, as the euro-zone disintegrates into an incoherent collection of variously booming and slumping regions, it will have to be co-ordinated with local fiscal policies. So far, though, the ECB's hints that "bubble" countries should raise their taxes have been rejected.

This is, most clearly, the new "Irish problem" (although much the same applies to Finland and Portugal). Short-term interest rates in Ireland are due to collapse by January from 6.5 per cent (already too low) to the common euro rate, probably above the present D-Mark rate of 3.3 per cent but below 4 per cent. However, the Irish government has a complex agreement with

the trade unions over pay rates which, arguably, prevents it from putting up taxes even if it wished to. And all such bubble economies appear to be running prudent fiscal policies - small deficits, or even surpluses - because of the inflated level of tax revenues.

Adjusted for the cycle, though, the fiscal posture might not be prudent at all. And electorates are not convinced easily that they must pay higher taxes in order to compensate for their government's loss of control over monetary policy.

Ireland's boom could, within a couple of years, turn into a slump as inflation bursts through and destroys company profitability. Normally, recovery would be aided by a devaluation, but this option is to be closed off. Ireland, accounting for 1 per cent of the Euroland economy, could expect little help from the ECB, which will be preoccupied with the requirements of Germany, France and Italy, representing 72 per cent between them. Either Ireland's economic costs, such as wages and rents, become flexible in a downwards direction or the depression will become semi-permanent, with a resumption of net emigration.

At any rate, even some of the brokers are getting cold feet about the Euroland story. This week BT Alex Brown, for instance, warned that there was too much complacency about continued growth, and that a sharp stock market correction was in the offing. Perhaps the honeymoon is over before it has even begun.

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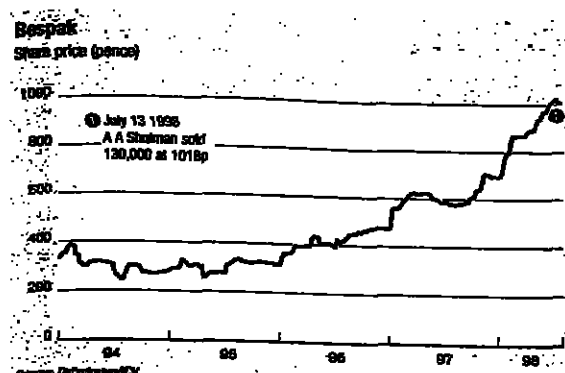
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سكزا من الأصل



WEEKEND INVESTOR



Directors' dealings

There was buying at Liberty where five directors of the retailer bought 114,568 shares worth more than £230,000, writes Chris Hill. This represented their first purchases since the board was reorganised after December's extraordinary general meeting. Liberty shares have underperformed the market by more than 50 per cent over the past year.

Directors' share dealings

Company	Sector	Shares	Value	No of directors
SALES				
Cashgate	Eng	9,236	18	1
Whitbread Grp plc	Eng	35,000	147	1
Bespak	Hth	130,000	1323	1
Dewhurst Group	Hood	28,000	51	1
SWD Securities	Offsh	150,000	383	2
Minerva plc	Prop	250,000	83	1
Saville	Prop	575,000	833	1
MMT Computing	SSer	54,226	649	1
Bertram Higgs	Offsh	27,500	39	2
Halifax	Prop	50,000	331	1
PURCHASES				
Halstead (J)	BM&M	50,000	96	1
Hepworth	BM&M	10,000	20	1
Abacus Polar	Dist	180,000	141	1
Midwestern Holdings	Dist	1,000,000	39	1
Vassall	Div	42,000	123	1
TGI	ER&E	80,000	34	1
Thorpe (F.W.)	ER&E	20,000	18	1
Apollo Metals	Eng	22,798	27	1
Coca-Cola Beverages	Offsh	230,000	368	2
Satin School Hider	Hth	5,000	38	1
Martin Int. Higgs	Hood	50,000	19	1
Bradgitts Inv.	InvT	14,010	28	1
Handerson Tech Trust	InvT	28,432	34	1
Charles Stanley Grp	Offsh	28,124	78	4
D&S Management	Offsh	58,100	102	1
El Oro Mining	Offsh	37,150	302	2
Secure Trust	Offsh	8,288	63	1
Corcoran	Pharm	27,880	25	3
French Connection	RetG	50,000	180	1
Liberty	RetG	114,568	231	5
Devenor Holdings	SSer	42,500	64	3
GiroWind-Cashless S	SSer	50,000	20	1
Gresham Computing	SSer	50,000	44	1
Kalamazoo Computer	SSer	50,000	21	2
Touchstone Group	SSer	30,000	38	1
Whitehead Mann Grp	SSer	27	1	1

Other share sales, placements & introductions

Placements intended to enter the AIM market via a EMI placing

Recent takeover bids and mergers

Company	Head of bid	Head of target	Price	Value
AG Hedges	127	1354	88%	28.77
Acorn Port Sales	180	188	173%	97.85
Babcock	181	188	125	34.57
Baker Hughes	119	100%	81%	11.89
Bushnell Topco	1184	114%	114%	48.48
Brunner Maier	180	185%	17%	144.59
Capital City	179	185%	140%	21.26
Chelton Int. Higgs	98	385	312%	679.89
Chelton	98	93%	91%	42.8
Courtauld	450	449	442%	1.839
Creative Publ	223	228%	169%	188.03
ESL	505	503	348	286.64
EW Fast	85%	93%	81%	15.77
First Earth	345	341	323%	20.01
Gibson Int. Higgs	88	41%	137.17	
Gibson Int. Higgs	250	245	242%	28.5
Hammerhead	185	180	280	428.0
Howe	110455	105	103%	46.57
Hunterley	125	121%	90	32.0
Joyce Group	219%	240	182%	44.23
Leisure	10	9%	9%	3.35
Leisure	250	252%	225%	41.5
Ortel Group	112	108%	102%	36.74
Radco	55	52	42	15.4
SIX Business Syst	325	320	328%	115.37
Six Mkt Spt Pl	17472	1747%	171%	35.79
Do. 2nd Dr	351.52	352%	349%	211.71
Do. 2nd Dr	107.2	111	104%	171.15
Do. Capital	228.8	205%	204	148.18
Thom	250	243%	210%	935.25
Thomson Int. Higgs	181%	181%	179%	134.5
Tanaka Group	160	160	128	82.8
Vero Group	27	27	25%	10.5
Vero Group	180%	180%	174%	115.39
Vero Group	770	180%	172%	102.17
Wessex Water	630	611%	483	1341.9
Wille Cotton	200	199	178%	850.4

Results due next week

Company	Sector	Account	Last year	Dividend	YTD
FINANCIAL DIVIDENDS					
Admiral Scotland Inv	InvT	Monday	1.19	-	-
Admiral Group	Med	Wednesday	4.375	10.52	4.375
Allied Carports	RSE	Tuesday	3.125	9.375	-
Black Arrow	Hood	Friday	1.5	5.0	-
Bolton Grp	Prop	Wednesday	-	-	-
Buchanan	Spw	Tuesday	0.3125	1.25	-
Colfax & Fowler	Hood	Thursday	1.125	1.675	-
Corst Products	PP&P	Wednesday	0.8575	2.513	-
Euclidean	Hood	Tuesday	-	2.5	-
FI Group	InvT	Wednesday	-	2.5	-
Jersey Phoenix trust	InvCo	Friday	1.5	6.5	-
Lawrence	AIM	Monday	2.0825	9.712	-
Mid Wynd Int Inv	InvT	Monday	3.75	9.375	-
Mays	Spw	Wednesday	5.7125	12.32	-
Rubicon	Eng	Thursday	2.76	7.875	-
SFI Group	RSE	Monday	1.5625	3.563	-
Typps Ties	RSE	Monday	-	-	-
Ullrich	Eng	Monday	-	-	-
Wyle	Dist	Thursday	1.75	3.75	-
INTERIM DIVIDENDS					
Abbey National	Dist	Wednesday	12.75	38.28	-
Admiral	Spw	Tuesday	1.125	3.625	-
Arriva	Tues	Thursday	4.5	16.87	-
BPP	Spw	Thursday	6.25	20.0	-
Briton Estates	Prop	Thursday	4.0625	24.38	-
Capita Group	Spw	Tuesday	0.875	2.825	-
Dorby Trust	InvT	Tuesday	29.89	40.25	-
Emmett	AIM	Tuesday	18.75	36.75	-
Glen Wellcome	Pharm	Thursday	2.2754	21	-
Green Property	Prop	Friday	13.75	48.25	-
Grange	RSE	Friday	13.75	48.25	-
Heard Int Trust	InvT	Wednesday	-	1.083	-
Hibernian	InvCo	Monday	4.2785	13.83	-
IMS	Med	Tuesday	1.375	4.125	-
ISA Int	Dist	Wednesday	1.2825	4.112	-
Jacobs Hodge	Tues	Tuesday	0.825	2.813	-
Lux Service	Dist	Friday	8.5	21.88	-
Lloyds TSB	Bank	Friday	6.625	21.30	-
Ocean Group	Tues	Thursday	6.75	17.95	-
Oxford Asymmetry	Pharm	Tuesday	2.625	7.95	-
Pavea	Offsh	Monday	0.887	24.37	-
Procter Financial	Offsh	Thursday	4.3125	11.63	-
Rohat	Spw	Monday	0.8375	2.813	-
Royale Grp	InvT	Tuesday	4.0	11.83	-
St Andrew Trust	Tues	Thursday	-	1.563	-
Seaton	Eng	Monday	0.25	-	-
Sterada Solutions	Dist	Thursday	5.1	15.9	-
Ti Group	Eng	Thursday	5.1	15.9	-

\*Dividends are shown net of tax and are adjusted for any intervening share issues. Dividends are shown net of tax and are adjusted for any intervening share issues. Dividends are shown net of tax and are adjusted for any intervening share issues.

Last week's preliminary results

Company	Sector	Year	Pre-tax	Profit	Dividend
Artech	AIM	Mar	0.004	1.32	-
Artech	AIM	Mar	11.7	3.83	-
Barclay Index	Med	Apr	3.1	2.4	10.3
Compendium UK	RSE	Apr	0.511	0.598	10.3
Dark Dog	InvT	Apr	3.3	5.9	2.4
Dark Dog	InvT	Apr	0.714	0.102	0.78
Dark Dog	InvT	Apr	2.59	3.6	2.75
Dark Dog	InvT	Apr	12.536	80.86	7.8
Dark Dog	InvT	Apr	194.25	144.48	0.88
Dark Dog	InvT	Apr	8.28	3.82	8.7
Dark Dog	InvT	Apr	1.5	6.189	5.4
Dark Dog	InvT	Apr	39.46	6.2	6.8
Dark Dog	InvT	Apr	6.5	5.57	26.7
Dark Dog	InvT	Apr	1.07	8.591	8.2
Dark Dog	InvT	Apr	226.79	186.16	5.97
Dark Dog	InvT	Apr	11.1	8.21	10.3
Dark Dog	InvT	Apr	0.825	0.882	5.36
Dark Dog	InvT	Apr	0.884	276	-
Dark Dog	InvT	Apr	0.8	5.88	4.3
Dark Dog	InvT	Apr	0.140	0.089	0.1
Dark Dog	InvT	Apr	0.881	0.882	0.278
Dark Dog	InvT	Apr	198.5	120.5	45.3
Dark Dog	InvT	Apr	23.9	19.4	14.8
Dark Dog	InvT	Apr	0.884	3.08	6.1
Dark Dog	InvT	Apr	308.2	267.7	0.78
Dark Dog	InvT	Apr	4.54	0.882	18.04
Dark Dog	InvT	Apr	0.26	0.85	41.93
Dark Dog	InvT	Apr	0.105	1.4	0.9
Dark Dog	InvT	Apr	4.22	2.85	7.3

Last week's interim results

Company	Sector	Year	Pre-tax	Profit	Dividend
African Lakes	Dist	Mar	0.437	0.258	-
Allied Textile	Text	Mar	4.77	4.71	2.85
Aynsley Metal	Med	Jun	0.424	1.21	-
Baring Tribune	InvT	Jun	635.4	525.0	2.2
Barrington Leisure	AIM	Apr	0.059	0.084	-
Barrington Leisure	AIM	Apr	208.36	188.20	1.0
Barrington Leisure	AIM	Apr	1.5	1.5	1.8
Barrington Leisure	AIM	Apr	78.9	85.4	4.3
Barrington Leisure	AIM	Apr	2.02	7.88	0.25
Barrington Leisure	AIM	Apr	142.8	122.1	-
Barrington Leisure	AIM	Apr	85.02	44.12	0.875
Barrington Leisure	AIM	Apr	225.0	188.0	12.5
Barrington Leisure	AIM	Apr	228.20	183.10	-
Barrington Leisure	AIM	Apr	3.38	3.82	-
Barrington Leisure	AIM	Apr	0.075	0.008	-
Barrington Leisure	AIM	Apr	63.7	257.1	4.56
Barrington Leisure	AIM	Apr	38.7	45.5	2.1
Barrington Leisure	AIM	Apr	102.3	62.2	3.8
Barrington Leisure	AIM	Apr	1.02	0.022	-
Barrington Leisure	AIM	Apr	294	303	3.4
Barrington Leisure	AIM	Apr	6.81	6.33	1.0
Barrington Leisure	AIM	Apr	802.0	756.0	2.425
Barrington Leisure	AIM	Apr	617.81	476.49	8.25
Barrington Leisure	AIM	Apr	64.96	87.58	-
Barrington Leisure	AIM	Apr	67.2	86.1	-
Barrington Leisure	AIM	Apr	3.9	60.2	1.75
Barrington Leisure	AIM	Apr	631.7	472.4	8.25

(Figures in parentheses are for the corresponding period). Dividends are shown net of tax and are adjusted for any intervening share issues. Dividends are shown net of tax and are adjusted for any intervening share issues.

Week Ahead

Used cars in jeopardy

Analysts expect a pre-tax figure of about £9.5m, an advance of some 16 per cent. The state of the used car market will be a focus of analysts' interest as Arriva and Lex Service report results, following recent profits warnings from the sector that centred on the resale value of used cars, writes Martin Brice. The banks' reporting season gets into full swing with Abbey National reporting on Wednesday, Halifax on Thursday and Lloyds TSB on Friday.

In the Pink

Putting a soft focus on the big picture

Asia is still declining, says John Train. But there is hope, especially as the White House looks to the next election

Few professionals think that economics and big ideas are the right way to approach investment. You should focus on what really counts: the performance of the companies in which you own shares. Sooner or later, a stock reflects the growth of the underlying enterprise. Nevertheless, everyone talks about the international business outlook, so here are some thoughts. First, Asia - the economic position there is still declining, although some of the markets, such as South Korea, have shown twitches of strength. That is a country in which I have long-term confidence. Nevertheless, its top five companies have 160 subsidiaries so entangled in webs of loans and cross-guarantees that to buy or even refinance a Korean firm is inordinately difficult. Moreover, these arrangements are often not reflected properly on its books. Korea does not now have a bankruptcy law in the US sense, so one cannot get court approval of a restructuring plan. Instead, a potential investor has to try to organise a general settlement - technically a "composition" - with the creditors and guarantors to cope with debts and guarantees. A foreign buyer might, therefore, agree in principle on a deal only to find that it cannot be consummated. This inhibits one source of outside finance. For an idea of the flavour of the Korean situation, consider this. The head of a major company there told me recently that, to cope with the crisis, executive salaries had been cut about 25 per cent across the board. But that was in local currency terms. In dollar terms, compensation was down about 75 per cent. Since there will surely be heavy lay-offs in Korean companies, one can expect massive labour demonstrations. A key test will be if the new government can cope with them in a legal and orderly way. If not, serious trouble is in store. Japan is in a downward spiral. Thanks to high savings and steady employment, the people do not feel the discomfort required to force the politicians to take necessary action. In real terms, even Japan's 1 per cent interest rate is exceedingly onerous, since the price of the assets on which the loans are made have been falling rapidly - down 50 or even 80 per cent from the top, in many instances. One is reminded of the Latin American petrodollar debt crisis some years ago. Many local companies assumed dollar debts at what seemed like reasonable rates. These then became unbearable when their economic environment turned deflationary and local currencies fell. It would be a grave blow if Russia devalued the rouble. Inflation would return, confidence would be lost and much of the progress of the past seven years undone, with extreme unease at the popular level. Banks there have contracted \$200bn in short-term, dollar-forward contracts; many would go somewhat weaker. Most US companies report that, although sales are quite strong, they have no pricing power: competitive pressures are squeezing margins. Overall US economic growth has been just under 4 per cent but, logically, this should fall to perhaps 3 per cent. Corporate profits could show little growth. True, inflation, which has been about 1.5 per cent, could well fall to 1 per cent. If it does, then bond yields should continue soft. They have declined about half a per cent since the beginning of the year and could well repeat that by year-end. On that assumption, the US stock market might not be as over-priced as some observers fear. It might not be that strong, either, but it's possible the lower interest rates have made stocks more attractive

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FT FINANCIAL TIMES Finance



## FT WEEKEND

True Fiction

## World records, made to measure

Fancy an all-time high in the aubergine line? Michael Thompson-Noel explains

Some people are not lucky. One person who is not lucky is Chris Lee, of Halifax, whose story - he failed in his attempt to earn a place in *The Guinness Book of Records* - is related by Simon Armistage in the latest issue of *Granta*, the London literary magazine.

After spending almost a month living in a tree in his friend's garden, Lee came down to earth only to discover that the world record was not 26 days, as he had been told, but 28 years. The record was held by a man in Indonesia, who climbed a palm tree in the 1970s and still hasn't come down. Interviewed by *The Yorkshire Post*, Lee said: "I feel a right prat."

"The attempt," reports Armistage, "was made in a 250-year-old sycamore at an altitude of 40ft. Mr Lee hoisted up food in a bucket, slept in a sleeping bag wedged between branches, and took with him a supply of books to read, including the *Yellow Pages*."

The same issue of *Granta* con-

tains a piece by Alfred Lawrie about Terry Cole, a Londoner, one of a number of people who have several entries to their names in *The Guinness Book of Records*.

The most peculiar of these entries, to Lawrie's mind, concern those who specialise in eating records. Peter Dowdswell is listed as holding records for eggs, prunes and spaghetti, for example, while Reg Morris holds records for frankfurters, kippers and sausages.

Terry Cole specialises in endurance records. He has a clutch of such records (as does America's Ashrita Furman, for that matter). Cole, says Lawrie, lives alone in a house in east London among a clutter of orna-

ments, certificates, trophies and several enormous weight-training machines. Cole has 14 gold teeth: a British record.

One of his first world records was rolling head over heels for one mile, around a track, in 24 minutes. It was a horrible experience. "I was sick, had everything," Cole told Lawrie. "Vomiting. The works... Focused, though. Totally, totally focused." Among other things, Cole has dribbled a basketball for 90 miles. That was hard, but not as hard as 8,000 one-minute press-ups in five hours. That was exceptionally hard. "All world records are hard," says Cole. "Very, very, very hard."

But Cole is in error. Some world records are easy to come

by, as one of my closest friends, Rebecca Salgado Lovcup, explained to me this week when we met at Monsieur Neanderthal, the starriest restaurant in London's Notting Hill district. Rebecca is 53-ish, ash-blond and rich (very). She was wearing a short, squid-black Versace skirt and a ghost-grey net top embroidered with black pearls. There is no Mr Lovcup. Never has been. She just employs young gardeners.

One of Rebecca's most profitable businesses is a Bermuda-registered company called A Record Just For You, which deals in world records of every description. Feeding down, feeling blue? Then Rebecca and her staff will sort, sift or concoct a

world record attempt especially for you. Once you have achieved your goal, you receive a handsome certificate from the Kiri-bati-registered Rebecca Salgado Lovcup Treasury of World Records.

"Foodstuffs are ever popular because they're so accessible," Rebecca told me during lunch. "However, most of the basic eating records are now up in the stratosphere, so we don't recommend them. Only a truly gifted individual can eat 928 raw eggs in three hours, or 38,682 frogs' legs in two days. Yet there are many things you can do with foodstuffs, instead of simply eating them. For all-round versatility, aubergines are my favourite. There are

some outrageously exciting records in the aubergine department."

"What do you charge for setting up and then okaying a world record?" I asked.

"That depends," said Rebecca, "on how much equipment is involved. Some of the records in the aubergine department," she caught a waiter's eye, and asked for more Champagne - "take a great deal of organising. The same applies to carrots."

Rebecca stroked her pearls. The waiter, a long-haired import from Asunción, spilled a few drops of ice-cold Champagne on her bare arm. She showed him her brilliant teeth, said "then returned to my question. I suppose our minimum charge for a

world record would be \$1,000, darling, and our maximum, \$50,000. But no one has to spend that much. Something exceptionally exciting in the aubergine department would probably cost you - oh, \$12,000 tops."

"There is no shortage of people wanting their own world record?"

"None."

"Why do they do it?"

"Altruism, darling. Postmodernism. Let's of Self. Unbelief. People are staying inside their homes. Looking through their windows. Living on their own. Fearful. For many people, an unbelieved, certificated world record is their last connection with reality. Would you like your own world record, darling?"

"I've already got three," I said. "Javelin. Half-marathon. Frog's legs."

"I left the restaurant," Rebecca was giving the waiter a telephone number and a name. I heard her whisper the name "aubergine department".

His mouth was a perfect O.

Metropolis

## A look-at-me community

Nicholas Woodsworth braves the silicone and narcissism of South Beach, Miami

Eighteen hours is a long time. At least, 18 hours is a long time to spend hanging about in a transit lounge at Miami International Airport between flights. I had two choices, it appeared: I could hole up in an airport hotel and sleep, or I could head to one of the livelier parts of the city. Television's *Miami Vice* had four come and gone - whatever happened, I wondered, to the popular vogue it spawned for Art Deco, cool pastel colours, and an even cooler Miami lifestyle? I headed to South Beach.

For \$6 or so you can buy yourself an Elmore Leonard thriller and spend a few hours in the sleazy company of failed criminals and dysfunctional South Florida low-lifers. I went one better and caught the bus for \$1.50. It buys you the same thing and lasts almost as long.

Nobody, but nobody in the US these days, if you do not own a car here, it means you must be a dysfunctional low-lifer, or worse, just poor.

When the bus started out into the dark, humid night it held me and half-a-dozen airport workers - black and Hispanic floor-waxers and washroom attendants. Things became more varied when we left the airport grounds; among jittery European tourists the desolate no-man's land outside Miami is known as a hunting ground for newly arrived innocents on their way to happy holidays in Disneyland.

It hardly seemed possible that anyone - even car-ramping hoods - could live out there among the deserted flyovers and junkyards, the dimly lit body-repair shops and chain-link-fenced warehouses.

But they do. In no time the

bus was half-full of pregnant 13-year-olds, unshaven old men reeking of drink, psychopaths babbling softly to themselves, and Latin gang members with home-made crucifix tattoos punched into their forearms. I hoped I did not look like I was going to Disneyland.

I was happy when, two bus changes later, I stepped out on to Washington Avenue in South Beach. It was late, not so late, however, that I could not expect a little Miami-style action. I was ready for anything.

But the place was empty. Where were the girls, the fast cars, the hot Latin music, the kicked-back, infamously cool, South Florida high-lifers? The only bright lights I noticed were on the marquee of a seedy strip club. "Lap Dancing sex pm to sex am" read the sign. The only action I could see, a little further up a grimy street of dingy bars and small businesses, was a large, drug-damaged individual dressed in a pair of shorts - one by one, he was methodically picking the flowers off a hibiscus bush. I might as well have stayed on the bus.

I checked into the first hotel I could find. Although the walls of my room were pastel-like - a sort of sick-salmon colour - it was not a stylish Art Deco hotel. The bedside lamp was broken, the paint in the bathroom peeling. Mystified and dispirited, I went to bed.

But all, as happens in the best mysteries, was revealed the next morning. Basking in bright sunshine, South Beach was as giddy as ever. As a no-hope bus traveller, I had simply entered it by its not-so-giddy back door.

Had I been a hip Miami Vice-type in a throaty, lime-green Porsche convertible, I

would have roared in by the formal front entrance, one block over on the sea front. It is on Ocean Drive that Miami's non-stop beach party takes place.

By mid-morning I was in the thick of it. Even at this hour the drive was jammed with laughing, relaxed Miami-ians strutting their stuff. Lime-green Porsches were not the half of it. To cruise up and down Ocean Drive in a \$40,000 car with throbbing music spilling out of the

Did they know there was a busy, high-stress, real world out there on the other side of Ocean Drive?

windows, you do not necessarily have to take drugs. But it probably helps if you sell them. Where, I wondered, did all these people get the time and money for such puerile automotive leisure at 10.30 on a Tuesday morning?

No matter. My attention was soon drawn from car questions to people questions. Once, South Beach drew staid, retired Jewish tourists from New York. Now it draws youth - gay, straight, Hispanic and Anglo - from all over the US.

Whoever they are, they are bent on the exuberant demonstration of their own pleasure. As I watched, strings of minuscule bikinis, carefully tanned, 6ft American Amazons were weaving their way in and out of traffic on in-line skates.

Not only the road, but all South Beach, in fact, seemed an elaborate backdrop for a sylvan display of the Body Beautiful. The sidewalks, the outdoor cafés and restaurants, the broad white palm-lined beach that sweeps down the east side of Ocean Drive, the blue sea itself all were awash with young people in minimal states of dress showing off one thing or another.

On the pavement ahead of me, men's bare torsos rippled with muscles; women, from the ample evidence on display, had never even heard of cellulite, although I suspected they might have heard of silicone. Both men and women favoured tattoos. Body art is big on South Beach.

On I strolled, so preoccupied with the passing circus that I barely noticed the seafront buildings I was walking by. But then they were in all their renovated, garish, Art Deco glory - the Casablanca Hotel, in cool turquoise, lavender and violet; the Majestic, ochre and grey; the Colony, lilac and pine; the Starlight, tangerine, sea-green and cream. One after another they stretched on down the drive and into the distance.

Not even muscle-rippling, cellulite-free South Beach wonderbodies can walk in the hot sun un-nourished forever, and I soon found myself looking at menus on restaurant terraces. In food, as in everything else, South Beach tends towards over-the-top, look-at-me exhibitionism. Curry smoked-chicken won tons on wild

mushroom pancakes with sun-dried tomato butter and balsamic syrup sounded just a little too much to me.

But even at Leslie's, where I requested, that simple American staple, the hamburger, the waiter did not make ordering simple. A smooth young man with a goatee, he had four rings in his right ear and an ornate silver stud on the tip of his tongue. It danced about as he talked, making watching and listening to him a distracting business.

As I munched on a hamburger I could hear the waiter chatting to a young woman eating beside me. She wore a bluebird tattoo on her hip. Darren had what seemed to be barbed wire inked into his Schwarzenegger-like biceps. They looked as if they had spent their entire lives sitting insouciantly on South Beach.

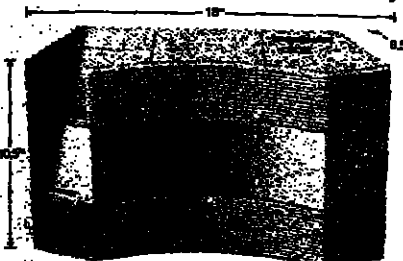
How, I wondered, did they do it? Did they know there was a busy, high-stress, real world out there on the other side of Ocean Drive?

I asked them. Apparently they did, but they did not care for it. "Nah, we mostly hang here," Shauna giggled. "We skate, we swim, we pump a little iron, we lie in the sun. There's lots of clubs at night for boogieing. We just, like, chill out. You know? That's what South Beach is all about."

It was that simple. I decided to chill out myself. South Beach is showy and vulgar, and narcissistic. For a short time anyway, it also looked like fun.

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Arcadia

## Peaks and caverns of delight

Adam Hopkins is richly rewarded after heeding advice to take it slowly up Spain's Picos de Europa

There are two ways to Tresviso in the Picos de Europa. That splendid little mountain range tucked behind Spain's north coast. One is from the west, by a steep and narrow road, through wooded valleys rich in orchids, then up and over the high pastures, well above the tree line, studded with gentians, and finally into the dip which offers shelter to the village.

As you travel the last stages, you will come close to the highest parts of this, the eastern massif of the Picos, one of three, each with a cluster of limestone peaks rising to nearly 10,000ft - spires and fangs, needles and pinnacles, some of them truncated by the action of the elements. They stand out grey, or white with snow, against the deep green of the lower ground.

The other way to Tresviso is from the east, up a zigzag path that makes you blanch when you simply look at the famous photograph of the ascent, taken from a nearby peak. But though it is just as steep as it appears, it is not quite so exposed and can be walked, with effort, in about two to three hours. So we were told.

Andres, the Tresviso postman, apparently comes

down this way each morning, picks up a bike and carries on by road. He is home again by 10.30am.

It was the piece of information about Andres that persuaded us to make the walk. As regular visitors to the Picos, we had been up before by car so it seemed like a good idea to do it properly.

The path set off along a rushing stream from the spectacularly deep and wiggly gorge of La Hermita, enclosed in limestone cliffs - there used to be griffon vultures here but we saw none. It immediately passed a mini-power station. Three cars were parked outside and you could imagine their owners playing cards all day inside the power station while the water, plummeting down inside a pipe, did all the work for them.

Almost as soon as we had started, we met Andres coming down, the postman's curly horn emblazoned on his shirt pocket. "Nice and slow," he said, "take it nice and slow." Then he was gone. We turned to look back after him and saw he was running.

Soon, the path crossed a pair of bridges, one hump-backed and medieval-looking, then started a wild zigzag over scree. Later, it

rounded a ridge and set off on a lengthy series of switchbacks. The view beneath us grew and grew, the valley below by now too steep to cross.

We took it slowly, just as Andres told us, and saw griffon vultures (finally), a pair of eagles and a troupe of ravens. We stopped and

The path makes you blanch when you simply look at the famous photograph of the ascent

chatted, drank a little water (we were carrying three litres between two and finished it all before the end). So little by little we came up, more exhilarated than exhausted, into the pastureland that used to provide a sort of living for the village, now somewhat depopulated.

Miguel Angel Campo and his brother Javier keep a bar here, complete with dining room and bedrooms - a

haven for mountain walkers. As they went about their business, they filled us in bit by bit on the path and the village.

The path, it seems, had been built up to its present standard - with real walls retaining corners - in the 19th century to carry down by horse and mule and over the yield of calamine, used in zinc production, from a mine a little higher in the mountains, but now, of course, long closed.

Until 20 years ago, when the road arrived by the much longer western route, initially in the form of a rough track, this was the only way up or down. And this was the way the two brothers, still only in their 30s, had gone to school or to see the doctor.

"What I hated most," says Miguel Angel, "was driving calves down to market. They didn't want to walk. They fought you all the way."

As well as the bar, the brothers live by making cheese. This is the local blue called Picon on this side of the mountains, Cabrales on the other, matured in the limestone caves that abound in the Picos. In fact, says Javier, it was the caves that put the village on the map, attracting many British potholers.

For we have discovered that the Picos have something to offer for just about

all occasions. One year, for example, when the children were teenagers, we took a house at the base of the same eastern massif and used it mainly as a starting point for expeditions. One rainy day - it rains a good deal in the Picos, the only big disadvantage - we went kayaking on the River Deva. 17km of fast water, often white, and all fell in so often that the rain did not matter.

Most of our pleasures were very active. But it is wonderful to drive in the Picos as well - we had taken our own car with us via Brittany Ferries.

The range is small enough to drive right around in a day if you push it. But it is more fun to spend a night on the way, perhaps in the busy little town of Potes, or up the balcony valley which leads to Fuente De, where a cable car will take you high up into the central massif.

You will find good food, drink, hospitality and views the whole way round to blow your socks off. This is the way to take it, in positive or sedentary mood; and I hope, when I am older, I will drive round every year.

For we have discovered that the Picos have something to offer for just about

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